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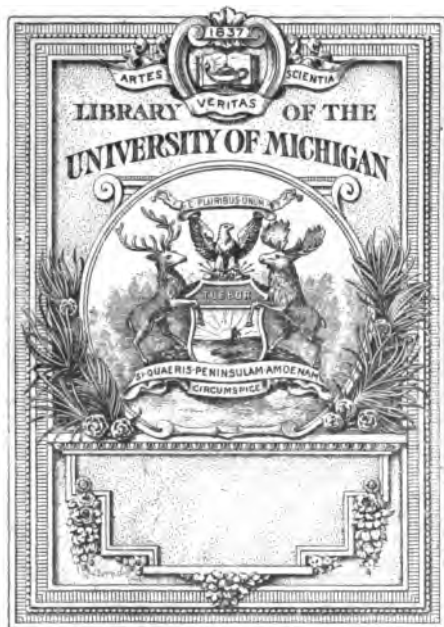
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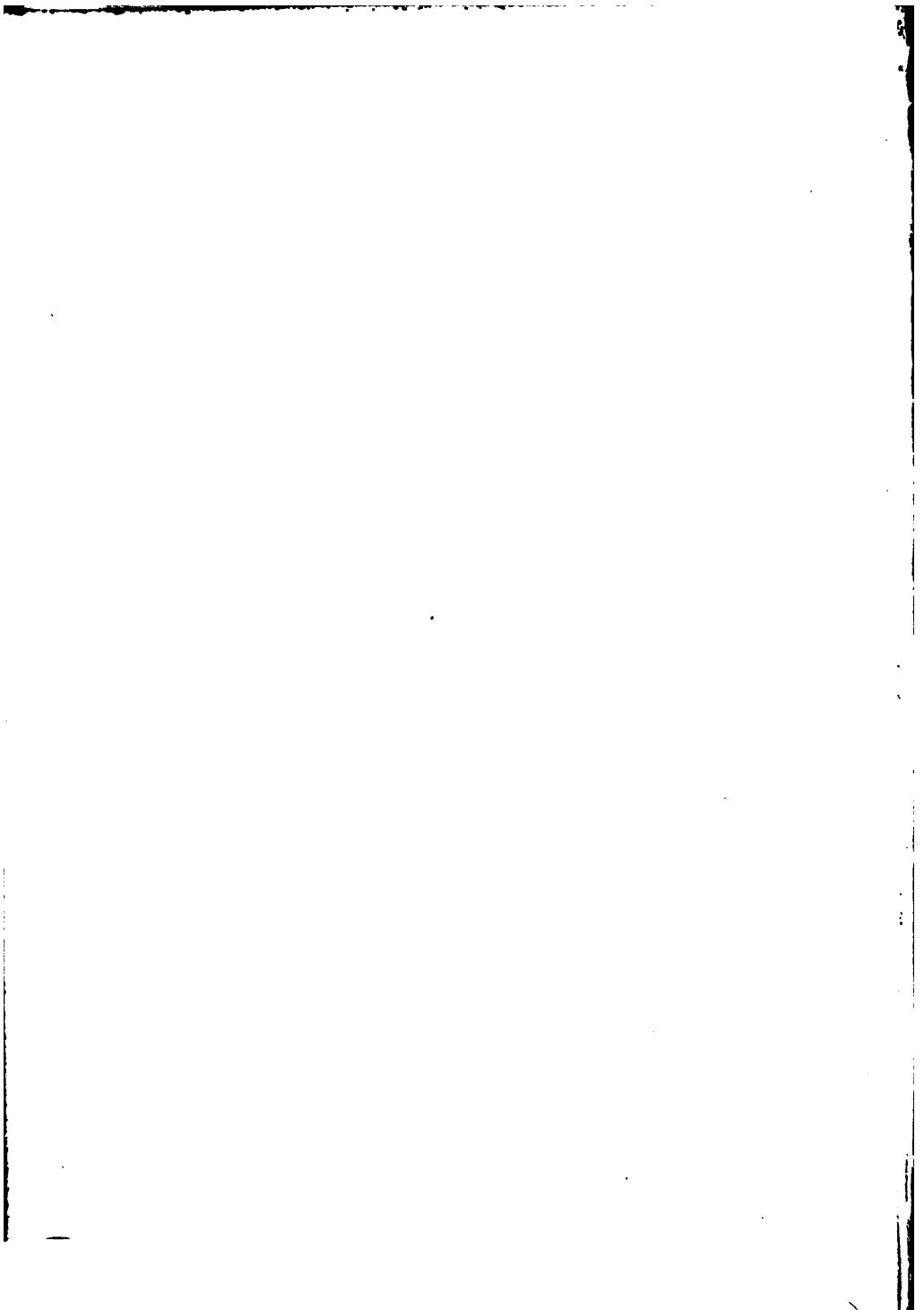
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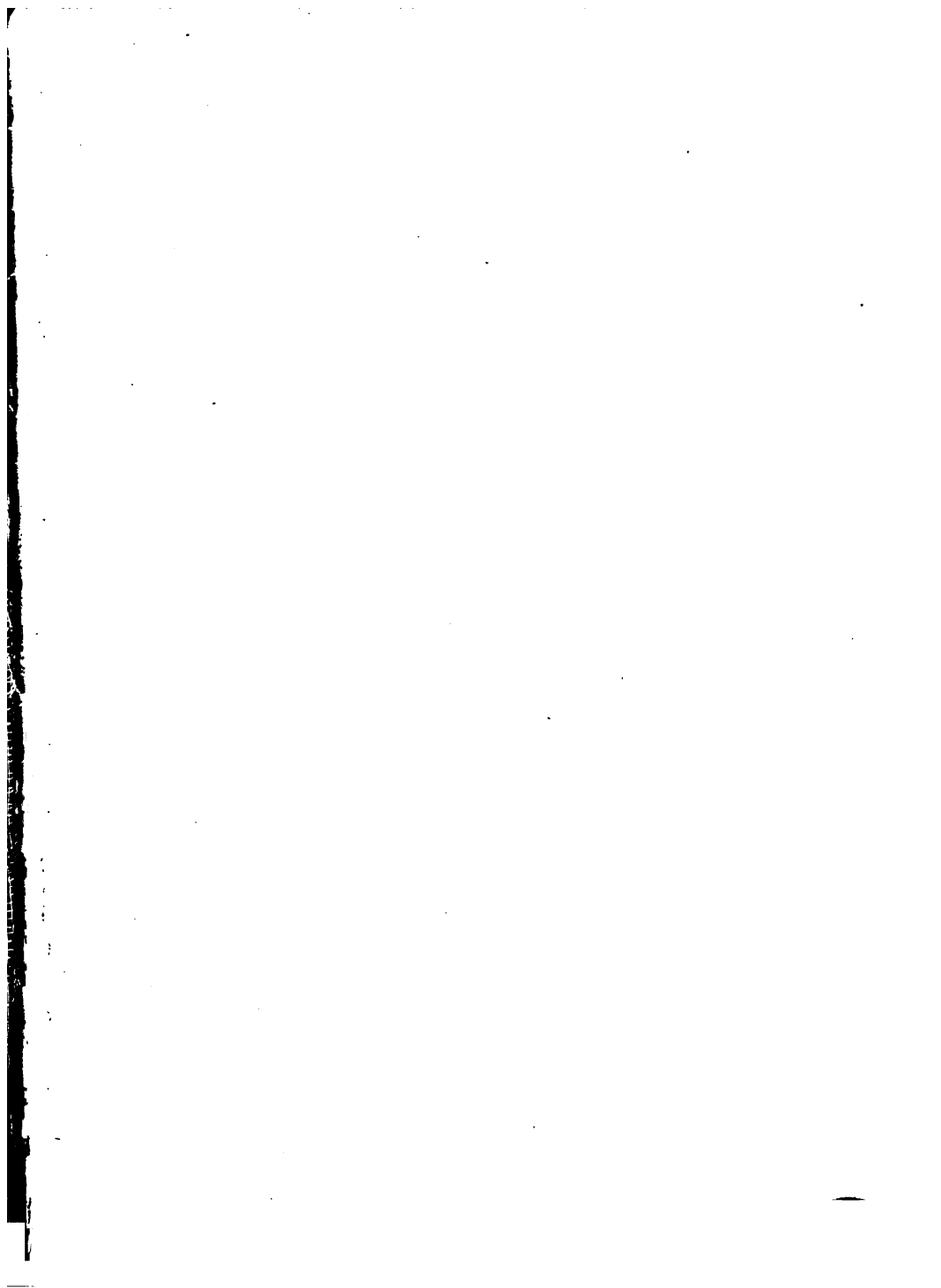
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**THE MAKING OF A
MERCHANT**

THE MAKING OF A MERCHANT

BY
HARLOW N. HIGINBOTHAM



SECOND EDITION

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FORBES & COMPANY
1906

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PREFACE

COMMENT of any practical value on the subject of the mistakes most frequent among boys and young men entering on a business life is certain to meet with one criticism which may be epitomized in the single word "commonplace!" And why? Because these faults are so common that they are impressed on the attention of every large employer of labor, particularly in commercial lines, and he is compelled to reiterate them with emphasis and tiresome persistency. If they were less common, less universally recognized and uniformly disapproved by employers, their enumeration would not appeal to their victim as commonplace, stereotyped and uninteresting.

Occasionally, however, a boy or young man of sufficient character and receptivity is found who is willing and eager to profit by advice from those of long experience, even though it may be given in painfully familiar terms and may sound sage, tedious and "preachy." It is for the aspiring young men who are animated by this spirit of tractability that these suggestions and comments are made by

one whose views are the result of thirty-eight years of experience in unbroken connection with an enterprise that has had many changes in the personnel of proprietorship and now has more than seven thousand employees.

In the course of that service he has filled various positions from the very humblest to that of part proprietor and manager. With the exception of his earliest years, all this period of labor has brought him into direct personal contact with the young employees, and the responsibilities of his position have compelled a daily and unremitting watchfulness of their conduct with the view to determining faults and mistakes which most beset the young adventurer into the mazes of commercial activity.

H. N. H.

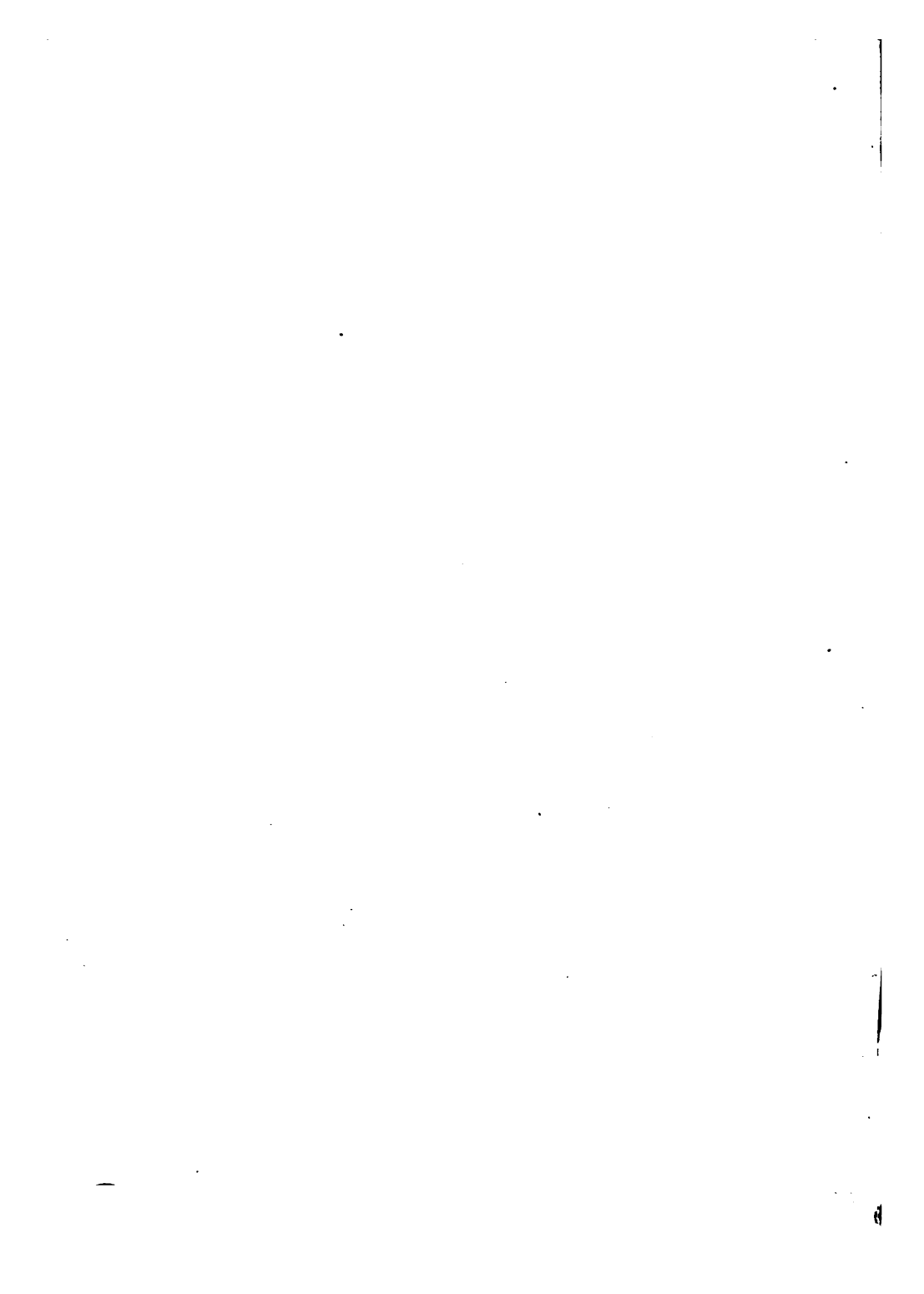
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CHAPTER I

LAYING THE FOUNDATION

AS a majority of business positions today are filled by men who entered the harness as boys, the manner in which a boy looks at his first employment is of fundamental importance. Generally he does not take himself or his duties with sufficient seriousness. He is inclined to think that he is "only a boy," and that his work is of boyish inconsequence. Nothing could be further from the real facts than such an impression. To realize this it is only necessary to go into the office of any large establishment—the business heart of a commercial enterprise—and observe the swarms of boys that flit between the desks of the older workers.

Who is always at the elbow of the executive head of an establishment of this kind? A boy! He comes into closer and more continuous contact with the proprietor, the general manager, or the

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department head than any adult. Because he is "only a boy" he is party to private conversations and transactions from which even the "confidential man" might be barred. This means responsibility and opportunity, and his conduct is, therefore, of greater personal interest and moment to a business executive than he is generally inclined to think.

Boys fail to satisfy the demands made upon them more from the lack of promptness and punctuality than by any other reason. Thousands of dismissals, rebuffs, discouragements and failures at the beginning of a career could have been avoided by these small workers had they made a cardinal point of being always on hand in their proper places during every moment when subject to duty. It is not enough that they should be generally at their stations. The time is sure to come, no matter how sparingly they allow themselves the indulgence of straying only a little from the rigid requirements of office rules, when they will be suddenly wanted—and will be found wanting!

Many fall into the habit of being a few rods, or perhaps only a few feet, from the spot where they are expected to be. This means that the busy employer must leave his desk or resort to

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a little extra effort to secure their attention. The actual inconvenience may seem trifling, but he is annoyed. If very charitable, he says, "That's the boy of it," and patiently gives the little toiler another chance. But the boy has failed to come up to reasonable requirements, and suffers accordingly in the estimation of the man that depends upon him for a certain service.

Another seemingly petty fault very common to the younger employees is the habit of watching the clock. This is little short of infuriating to the man who is genuinely and seriously absorbed in his business. It tells him that the spirit of time serving instead of the welfare of the business is the controlling force in the work of such an employee. This is peculiarly irritating to the man who has a thoughtful and conscientious grasp of the serious side of business life. Any large employer of labor, particularly in office positions, will place heartfelt emphasis on the advice: Let the clock take care of itself, and show a disposition to be useful without regard to time or closing bells! This is the secret by which a boy or a young man of even mediocre talents may win the approval of those whom he serves. "Anything but a time server!" has been the exasperated exclamation that has preceded many a dismissal.

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Quickness to perceive the little things which annoy a busy executive and promptness in removing them has secured the promotion of scores of boys and young men who, as the saying goes, "have their wits about them." Proprietors and managers of large businesses are human and susceptible to those delicate personal attentions which count so largely in home and social life. And the fact that such an attention comes from a boy and amid the hurry of business and the commercial surroundings of an office only goes to make these exhibitions of thoughtfulness more acceptable, pleasing and conspicuous.

In a very large degree, whatever of success I have been able to achieve in the mercantile field is due to reaching out for new responsibilities and doing new things without being told. The man who rejoices the heart of the head of a great business is the man who sees something to do and does it without asking any questions. Of course, I do not mean by this that any employee should recklessly usurp the duties or responsibilities of another or of his employer; but within the bounds of reason he should be extending the radius of his authority and responsibility, and lifting that much, as it were, from the shoulders of his employer. The latter is quick to see the

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force and value of such a servant and inwardly remarks: "Here is a man who not only acts, but thinks for me. He sees through the eyes of my own self-interest and initiates and executes in my stead."

As to the matters of conduct on the part of employees which may appear to be of greater moment, it is worth while to lay stress on the characteristic of decision—the inclination to act quickly on individual responsibility and stand by the consequences. Rashness may be less at a premium in commercial than military life; but timidity is as much to be avoided in the one as in the other field of activity. Better by far, make an occasional mistake of judgment than to halt and hesitate over the routine item of business and consult a superior on affairs which are not of sufficiently unusual character to demand the special exercise of executive discretion and authority.

Readiness cheerfully to go anywhere at a moment's notice and at whatever personal inconvenience, to remain absent from home for any length of time that the exigencies of business may demand, and to make the interests of the employer his own, is a most appreciated quality in an employee. It never fails to secure appreciation.

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A turning point of this kind in my own experience so aptly illustrates this observation that its introduction here may be pardonable.

In those early days, travel by rail was a positive hardship compared with present conditions. Sleeping cars were unknown, and trains jolted over rough roadbeds at snail pace. It took twenty-four hours to go from Chicago to the Missouri River, and the most active young man was not anxious to leave his home and suffer the inconvenience and hard knocks of such a trip. One day, however, I was called into Mr. Leiter's office and asked if I would go out to a distant prairie town and attempt the collection of a bill of \$1,400 against a country merchant. That meant much more then than it would now, and although I realized the responsibility of the mission, and its difficulties and hardships, I promptly and cheertully accepted the proposal.

From the moment I took the train I had no other thought than that of accomplishing the object for which I had been sent. I determined to get that money no matter how long I had to stay for it, or how much hard work or inconvenience might be involved.

Arriving at the little village, I found a representative of another wholesale house, to which the

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merchant was indebted in the amount of \$4,000, had been there before me, looked the ground over and left on the next train, abandoning his mission as hopeless for the time being.

I was not "making trains," and frankly told the storekeeper that I had come to stay until I could go away with the firm's money in my pocket. When he grasped the situation, he disclosed all his private business affairs to me, and I found he owned the local grain elevator, the hay scales and other "outside deals." Then I secured from him an option on these, went to other men in the town and disposed of them. This reduced his account by several hundred dollars.

Then I made a list of the accounts he held against farmers and other residents, secured the notes of the most responsible debtors, and discounted their paper at the bank. Finally I took back to Chicago a number of pieces of valuable dress goods of which the merchant had an overstock. All these things satisfied the claim which I had been sent to collect.

It was a proud moment for me when I went into Mr. Leiter's private office and gave an account of my week in the prairie town collecting a bad debt. The trip had a strong and direct influence on my advancement. It taught me a lesson, and

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if it may do as much for any young man of to-day its narration is justified.

Occasionally employees count on their church and Sunday school connections and activities as a means of impressing their employers with their worthiness. This is a misjudgment of human nature, and a mistake. Nor is this view any reflection on churches or religion—although it is an undeniable fact that to-day a man's credit is not strengthened by his church alliances. That which injures a young man's standing with his employer in this event is the fact that he seeks, directly or indirectly, to make business capital of his religious affiliations. It is not what a man believes or professes, but what he is and does, that gives him standing and credit.

A man may make a fad of so good a thing as a Sunday school, and it matters little what the fad followed by an employee may be, the moment its existence is known to the employer the latter regards it as an interloping interest likely to distract the mind from business. This feeling may be selfish and perhaps unjust, but its recognition is not to be ignored by the discreet employee.

The knowledge that an employee belongs to a club that is not distinctly beyond his means is not a detriment to his advancement. Often it is an

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advantage. An early marriage, unless unfortunate, is a benefit to the young salaried business man. It is difficult to conceive of an employer so devoid of human feeling that he will not take into consideration the dependent wives and children in dismissing and hiring employees. If compelled to choose between a single and a married man of equal merit, the conscientious employer will invariably select the latter. Generally he will even "stretch a point" in favor of the man of family.

Naturally one of the first things for the beginner in a mercantile house to decide will be whether he will cast his lot with the selling or the "office" branch of the work. Too often this is determined by chance or circumstance instead of by thoughtful selection on the part of the person concerned, and results in placing him for life in a line of effort for which he has less liking and capacity than one he might have chosen to follow in the employ of the same house. Some men are natural salesmen; they have the selling instinct keenly developed, and it is as natural for them to convince customers of the merits of goods as to breathe. For a young man gifted with this selling capacity to work along the course of an "office" career is a lamentable waste of material. But this is constantly occurring because beginners get started in situations not in

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the line of their best abilities, and continue therein for no other reason than that they are started there and have not enough discernment to see that they are not working along the line of least resistance, or because, seeing this, they have not enough decision or force to find a place of the sort for which they are best adapted. In many cases, however, they lack enough force and decision to discover their own natural bent and to shape circumstances to develop that tendency. Of such it is sometimes observed that they do not know their own minds because they have none to know. While this may be a trifle harsh it is altogether too true, and those who merit this criticism are the "hewers of stone and the drawers of water"—those who continue to do the rougher and poorly-paid work of a large establishment.

CHAPTER II

ADVANCEMENT IN BUSINESS

IN the United States Navy no officer is eligible to promotion until he is able immediately and without further preparation to discharge the full duties of the position just ahead of him in the line. More than in the navy, perhaps, this principle of advancement holds good in mercantile life, and particularly in its wholesale branch. So important is it that I should place it first among the things to be observed by the young man beginning his business life. Always he should be reaching out for the definite and practical knowledge that will enable him to do the work of the man immediately above him.

To do this does not imply that he need make that man feel that some one is trying to push him off the pay-roll or crowd him out of the house. Neither does it carry the implication that the ambitious young employee is justified in neglecting the slightest detail of labor belonging to his own position in order to familiarize himself with those

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of the man into whose shoes he hopes to step. Either of these inferences is absurd and unwarranted—a fact which will not hinder certain persistently impractical persons from at once drawing such a conclusion. The man who has enough native tact to become a successful merchant will not advertise his ambitions for promotion to the discomfort of the man whose place he hopes to secure; but he will quietly and persistently absorb the information which will enable him to discharge that person's duties provided the latter were himself suddenly promoted. On the other hand, the man who should hope to win promotion by neglecting a present responsibility for the purpose of studying a future one would display an unpardonable lack of ordinary common-sense.

But in any event, let it be clear that in the struggle for advancement in the employ of a modern business house, the boy or young man who is content to do only the task assigned him without any interest in that process of the work next beyond him need not hope for promotion. If it comes to him it is because the person who must determine the promotion has not been sufficiently alert to detect the lack of a normal curiosity, to say nothing of a proper self-interest.

As in the navy, so in the big mercantile estab-

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lishment, there is little or no time for learning the duties of a position after having been promoted to it. Especially is this true of the higher places of an executive character. Responsibility does not wait upon personal convenience or the slow process of leisurely apprenticeship taken while in the enjoyment of the honors and emoluments of a journeyman. Under the high pressure of modern business life, full exercise of authority and a complete shouldering of responsibility must begin at the moment a man nominally assumes a position—and generally they begin before he takes the place as his own. It is for this reason that I place so much emphasis upon the necessity of learning how to do the thing not required to-day, but which may, by virtue of some sudden emergency, be demanded to-morrow, when there will be not a moment for "getting posted."

I doubt if to-day there is a man at the head of a department in the large wholesale enterprise with which I was associated for many years who has not won his place through the consistent exercise of this outreaching for a knowledge of the thing immediately in front of him. Generally, however, a man is most impressed by the achievement of the person succeeding in a field of effort other than that in which he is struggling, and I

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shall therefore illustrate my point by reference to the career of a man who has made his name widely known in the grain trade.

He started in by tending the telephone at a grain elevator and "keeping the weights"—that is, copying the scale tickets into a book—when not busy at the 'phone. He made it a business always to be "caught up" with his work, so it often happened, when he went to the scale floor for the tickets, that they were not ready for him. This gave the young man leisure to become familiar with the weighman's work and with the scales and machinery of the elevator. Occasionally he induced the weighman to let him tend one scale, and later two scales, until he became thoroughly familiar with the work. About this time his employer built a new elevator and the young man applied for the position of timekeeper. Undismayed by the reply that the timekeeper would be expected, in addition to his regular work, to tally and record every load of lumber, stone, brick, sand, iron and other material going into the construction of the elevator, he eventually secured the position. The elevator was built by day labor instead of by contract. The first day twenty men started work, the second day there were forty, the third day sixty, and so on until the full quota of nearly two hundred

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men was engaged. Despite the fact that these laborers were of almost a dozen different nationalities, the young timekeeper so familiarized himself with their names and faces that he was able to call by name each man who had worked for even a single day. He could also tell, quite as readily, in what part of the building each man worked, and he missed at once any laborer who stole away for an hour or two at a neighboring saloon. When the elevator was completed a weighman was needed and the young man applied for the position. After convincing his employer that he understood the work and that he had watched the construction of every grain spout, and therefore knew into what bin each one led and that he would not have to learn that anew, he was given the position.

He soon became so expert that the weighing did not require his entire time, and during moments otherwise unoccupied he turned his attention to the working of the cleaning machines on the same floor, and was finally allowed to tend these machines in addition to the work of weighing. He became an expert in the art of telling at a glance the exact grade of a given sample of wheat, and during this schooling he managed to learn from the foreman just how grain is mixed to produce a given grade. His perseverance in learning everything that could

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be learned about the business soon gave him the name of being the best grain expert in the elevator. He held this enviable position in the eyes of his fellow-workers for a number of years. One day one of the young man's employers came to him and said: "I am going to buy you a membership on the Board of Trade. You can buy car lots down there. I have been watching you, and I hear from people around here that you are as good a judge of grain as there is. You are just the fellow we want."

Then began his career as a commission merchant. But the keynote of his advancement from one position to another was that of learning how to do the work of the position next in the line of promotion. It works in the general mercantile business as well as in the grain trade.

I have been asked to designate certain books and articles which may afford practical assistance to young men seeking to get on in the field of merchandising. This I shall do in concluding this chapter; but I shall fail of my full duty if I do not make it very clear to every reader that no amount of "outside reading" can take the place of, or compare in importance with, the lessons to be learned by actual observation in the rush working-hours. When the lessons which fall under the eye of the

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alert observer are amplified by means of judicious inquiry, then decisive progress is inevitable. And without this no amount of "parallel study" or theoretical research will avail.

In the first month of service in a large establishment every employee should become complete master of the general structure of the enterprise. That framework of organization by which the enterprise is sustained should stand out as clearly before the eyes of the boy or young man who has become a part of its mechanism as would the beams, sills, braces and other timbers of a cabin being built by his own hands and destined to be his lifelong home. Grand divisions, subdivisions and departments should be sharply defined and their relationship understood. He should be able minutely, and without the omission of a single step or detail, to trace any article of merchandise from the moment of its arrival inside the house until it is in the hands of the customer. Not only this, but he should also be able to furnish an equally accurate and detailed narrative of the process, in the way of accounting, which accompanies and records the passage of this piece of goods from the receiving door to the shipping platform.

This is equivalent to learning the main thoroughfares and car lines of a strange city. After that

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has been accomplished the newcomer has the far more subtle and difficult task of becoming acquainted with the inhabitants of the place, and of learning the peculiar traits and characteristics which give them their individuality. So in the business house. After the boy who has begun his apprenticeship has learned the main points of the compass, and can trace any kind of goods on its journey from factory to customer, he must still acquaint himself with the personnel of the establishment; and it is here that he will learn what gives the house its individuality, its points of difference from other enterprises in the same line of trade. And in proportion as he is able to discern the "personal equation" of the house, of its officials and department heads, he will demonstrate his fitness for commercial life, which mainly is the game of judging human nature and of following a well-ordered system and method of doing things.

Any boy of fair intelligence who applies himself faithfully to the task of getting his bearings in this particular will be able to tell, in a very short time, what may reasonably be expected of any particular man in the house—how he does his work, what he expects from those under his charge, how he conducts himself toward those in authority over him, how he administers and receives discipline, on

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what points in business ethics he is most insistent and where he is inclined to be lax or lenient, what is the surest road to his approval and to his displeasure, and—most important of all—what are the peculiarities which make him most valuable to the house and secure his permanent employment and advancement.

These and a score of other equally significant inquiries should come spontaneously into the mind of every wide-awake boy or young man and find insistent application to every man of any importance in the house. And if this close study and observation of character is not spontaneous it should be cultivated until the young student of human nature is able to foretell with reasonable accuracy the line of action which any of his superiors will follow under given conditions. When he can do this well he will have mastered one of the most important problems in the course of his training, for he will know the particular forces which make the personality of his house, and he will have learned how to estimate men and forecast their actions.

There is but one criterion by which all men in modern mercantile life are judged, and its name is Results. Once a salesman complained to the executive head of a large wholesale house that the morals of the manager of a certain department

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were not what they should be. The answer of the executive partner was: "All I know of Jones or need to know of him is written in the figures of my red book of balances. That tells the story every time. It tells me that Jones produces results—large ones, which are down in big figures on the right side of the ledger. I don't go to this red book to determine my friends and social acquaintances, those whom I invite to my home. But it does settle who shall handle my goods, and it gives me all the facts I need to make up my mind on that score."

This may have been a too radical statement, but it well enforces the point that results are the final elements on which the man in mercantile life must rest his case. Reasons and excuses will not avail. Personally I hold that no business man can afford to ignore the morals of his employees; but at the same time the man whose work yields large profits to the house with which he is connected generally has little fear that anything save a suspicion against his honesty will cause his firm to dispense with his services so long as he keeps his record as a profit producer. Therefore the men who make the greatest progress are those who can stand the test of the book of balances, who do not weary their superiors with excuses for and details of

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unsuccessful undertakings, and who accept the responsibilities of their positions and abide by results. Salesmen who try to make up for lack of orders by voluminous correspondence telling why they did not sell the goods do themselves harm instead of good through their epistolary efforts. The only kind of correspondence which does the salesman any great amount of good is that which is checked up in the shipping-room.

In the same way the credit man comes to the final test of results; the percentage of loss in poor accounts. If this is very small—say, perhaps, from one-tenth to one-twentieth of one per cent—and if the selling department cannot show that, in order to keep losses down to this point, he has contracted sales beyond the point of profit and good sense, then he is entitled to feel that the verdict of results is well earned.

There seems to be a great demand in these days for outlines of home-study courses, which the ambitious boy or young man may follow in his leisure hours, and thereby add directly to his business efficiency. The possibilities of such a course for the beginner in a mercantile house are almost unlimited, but the books to which he should be referred can only be suggested by the nature of his individual work. Do his daily tasks bring him into

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contact with laces or shawls or tapestries and carpets? Then let him go to the public library and secure books which will place before him the history of lace making, of shawl, tapestry and carpet weaving. By persistent reading, supplemented with keen observation of the goods themselves, he may soon learn to judge of their relative values and their artistic merits. There is scarcely an article known to commerce which has not a literature of its own. And the beginner who at night reads about the articles which he handles in the daytime will find them far more interesting, and he will be able to talk intelligently and entertainingly of them to others. There are few books of any especial value, so far as I am informed, which have been written with especial reference to the needs of learners in the field of merchandising. Nearly all those which are likely to prove helpful to beginners in this business apply broadly to all who seek success in other lines in the world of affairs.

In Sir Arthur Help's "Essays Written in the Intervals of Business" may, perhaps, be found more shrewd and homely wisdom and sound philosophy regarding business and the principles which lead to success than can be found in any other volume, excepting, of course, the Bible. Almost every faculty required in achieving a substantial business

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success is there analyzed in the most clear and searching manner. The young man who is ambitious to get ahead in commercial life, and who will master the principles so simply but adroitly set forth in this little volume of essays, will not need to follow any elaborate course of reading.

Probably the most valuable book relating to the more technical side of merchandising is that called "How to Do Business as Business is Done in the Great Commercial Centers," by Dr. Seymour Eaton. This is a sensible treatise on the most essential forms and definitions, and it also takes up, in a very entertaining manner, the trade features of the great commercial nations of the world.

For the young man who is particularly interested in export and import trade I should recommend "Modern Business Methods," by Frederick Hooper and James Graham. Although this is an English book it is very comprehensive and contains a large amount of information which would be of practical use to an executive in an American house importing large quantities of goods.

A very practical volume which should be read by the beginner who has an eye on the credit desk is called "Whom to Trust," and is written by P. R. Earling.

CHAPTER III

THE QUALITIES THAT MAKE A MERCHANT

ONLY the man who is a natural trader has any call to go into the business of merchandising. This statement may seem absurdly self-apparent; but it is more than warranted by actual conditions. Thousands of men go into the business of store keeping who have not the slightest natural capacity for it and who should have been able to convince themselves of their disabilities in this direction without paying for the knowledge in the dear coin of experience.

The ability to play the game of barter and sale is no mysterious talent. On the other hand, it is found to come to the surface no matter what calling the possessor of it may be following at the moment. If he is a farmer he will find himself selling his produce to a little better advantage than his neighbors and he will acquire the reputation among his fellows of being a "close trader." If he swaps a horse or a cow he gets a little the better of the bargain—not once, by accident, but as a

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general rule. A man of this kind is a natural merchant; he has the gift of trade, which I hold to be just as distinct a gift as the talent of the artist, the musician or the author. And right at the start let the young man who has the idea that he can become a merchant face the fact that if he has not this gift of trade by nature he cannot acquire it by seeking or striving; it is one of the things that cannot be put into a man. He must be born to a life of barter, else he stands but little chance of succeeding in it. I say little chance, for the reason that sometimes the circumstances surrounding a merchandising business may be so phenomenally favorable to it that the storekeeper will succeed in spite of his inherent incapacity. But these accidents are so infrequent that they do not justify any man in attempting merchandising who feels he lacks the "knack of trade" to any degree.

In view of all this the first thing any man should do who feels an inclination to go into store keeping is to satisfy himself whether he has the trading instinct. But how may he do this you ask, if he has never tried his hand at it? This is not nearly so difficult as it might seem, provided he will be absolutely honest with himself—and if he is unwilling to do this he is poorly equipped for success in any field. First he should sit down with himself and

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make a careful analysis of every business transaction of his own which he can recall. These may be few and they may be small, but they are certainly significant so far as the purposes of his decision are concerned. Let him ask himself with regard to each transaction: Did I find myself bettered by the bargain? Did I show myself a trader or did the honors of the deal go to the other side? Did I show a fair capacity in realizing the most out of the trade? After each transaction has been considered let the investigator strike a balance and see how his trading experience has panned out in the long run. This will give him a start towards answering the main question in hand—but only a start. It is but common human nature for us to look with leniency upon our own acts. Therefore our judgment of what we have done is liable to be warped and mistaken.

The next step for the prospective merchant to take is to find out, in some way, whether or not his neighbors regard him as a "good trader." Generally every man has some friend who can be trusted to tell him the truth, even about himself. Let him go to such a friend and not only get his opinion but also the opinions of others whose views this friend may learn by skillful and indirect inquiry. The results of this investigation combined

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with those of his own analysis and self-examination should give him at least a fair idea of his talents for trade.

There is, however, still another important question, so far as his natural capacities for merchandising are concerned, which he must settle beyond a doubt before he is justified in feeling himself equipped for this calling. He must ask himself "Have I the natural gift of economy?" Unless a man is instinctively saving he will find himself at a sad disadvantage as a storekeeper. Stopping the little leaks of waste is one of the most essential elements in the success of a merchant. He may be a sharp trader and still fail as a storekeeper because of an inability to see small leaks and stop them.

Retail merchandising is essentially a business of small things. This is just as true of the great metropolitan store which sells millions of dollars' worth of goods a year as of the little general store at a country crossroads. In either case the individual items which make up the total of sales are small and in most cases the margins of profit are also small. Consequently only a little margin of waste in the handling of these goods is necessary in order completely to dissipate that small margin of profit. A little leak, here and there, is enough

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to let all the profits ooze out of the cash drawer and leave the merchant with only his labor for his pains—if not with a burden of debt and failure.

There is scarcely a community in which the really able merchant is not cursed with ignorant and reckless competition. "Cutting prices" is the favorite diversion of the merchant who ought, by good rights and natural endowments, to have been a farmer, a blacksmith, a carpenter or an artisan of some sort. About the only way by which the man of sound merchandising capacity can meet this kind of competition is by superior economy in the conduct of his business. If he can save where his competitor wastes he may be able to offset ignorant and ill-considered competition and still come out ahead in the race.

And here, perhaps, is the best place to ask why there is so much reckless competition in the fields of retail merchandising—so high a percentage of failures? Because the ranks of the storekeeper are mainly recruited from men in other callings who think success in merchandising is so easy that they can drop into it from the top by buying a business first and learning it afterwards.

This reverses an order of nature—and it takes a genius to turn the natural order of things about and do so successfully. Few men have a natural

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merchandising genius big enough to win out as owners of a business about which they know little or nothing in the way of actual experience. Some men, it is true, have the financial and the trading gift to so great a degree that their mastery of the details peculiar to any particular business seems to be intuitive; but these men are so rare that their success need not be taken into consideration so far as the chances of the ordinary run of mortals are concerned. In the eyes of many, if not most, of his customers the country storekeeper is a kind of community king. The hard working farmer is especially prone to take this view and look with envy upon the lot of the village merchant. He is inclined to the notion that the work of running a country store is mere recreation compared with farm labor and that its demands are just about enough to keep him out of mischief and help pass the time pleasantly. Generally this view of retail store keeping also includes the idea that the merchant is able to live out of stock without materially depleting it and that \$500 is ample capital on which to start a country store. "Buying and tying and counting the money" is a fair summary of the farmer's notion of conducting a village store and because it looks so simple to him he is easily tempted to retire from the farm, become a storekeeper right

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at the start—and learn the business of merchandising later.

In this connection it should be noted that the clerk of the retiring storekeeper is not generally his successor, although it would seem quite natural that he should acquire the business. The fact is that the clerk is usually too familiar with the drawbacks of the business to be ambitious to buy it—especially if the owner is anxious to sell. The more intelligent and able the clerk, the better will be his knowledge of the weak spots of the business and the less likely will he be to deceive himself with ill-founded hopes; the retiring farmer is the more easily persuaded that there is sure and easy money in running a country store, and that the poor business ideas of the retiring merchant are accountable for his failure to make a comfortable little fortune out of it.

With scarcely an exception, the man from the farm who decides to turn storekeeper believes that he is going to succeed where the outgoing merchant failed because of his superior ideas about the matter of credits and of store finances in general.

"I'm going to sell for cash," he declares. "I'd rather have goods on the shelf than on my books. Of course, I shall probably have to trust a few—

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those I know to be perfectly good—but my business is going to be run on a cash basis.”

This stock phrase is used by fully ninety per cent of the men who retire from the farm to recruit the ranks of country merchants. It sounds well, but its application is a delusion and a snare. Its qualifying clause is the thing which kills it; the extension of credit to “just a few who are perfectly good” is the element which, in actual practice, brings confusion and defeat in hundreds and thousands of cases.

In discussing the entry of a young man into the retail business for himself there are certain things which are so fundamental that they must be taken for granted. Without them there can be no permanent or substantial success in any undertaking. Among these requirements are character, integrity and a fair “business head.”

The first rule which a young merchant going into the retail trade should make for himself with heroic determination is that of doing a business consistent with his capital. Failure to observe this rule is the rock on which thousands of promising commercial undertakings have gone to pieces. Whether the capital put into the enterprise be large or small, its size should absolutely govern the volume of business.

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What would we think of an architect who would start a building on a foundation forty feet square and then build without reference to its limitations until the structure completely overhung the underpinning on all sides? Yet this is precisely what thousands of young retail merchants throughout the country are attempting to do. They try to brace up their top-heavy structure with the timber of fictitious credit. These may hold in fair weather, but when the period of storm and stress comes—as come it surely will—this false support will come crashing down and the enterprise tumble with it.

My individual conviction is that the only way in which a retail business can be conducted on lines absolutely consistent with its capital is on the cash basis. For this reason I would not advise any young man to make a venture in retail trade on credit lines. It is too much like working in the dark. Almost inevitably the accounts grow beyond your control, and the business structure expands at the top while the foundation weakens.

In certain communities conditions seem to be such that it is practically impossible for the young merchant to introduce the strictly cash method of doing business. In this event he has but one hope of success—that is, to watch his accounts with a zealous vigilance that never relaxes, and to act with

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promptness and decision in the matter of credits and collections. This may require a high order of business and moral courage, but he must be able to do it if he would avoid wreck.

In his dealings with his creditors, the wholesalers, let the young merchant keep firmly to the rule of incurring no obligation that he cannot with certainty meet in sixty days. Too much emphasis cannot be placed on his connections with the wholesale house or houses from which he obtains his goods. At the very beginning of his venture let him go to the credit man of the wholesale establishment and state his case without reservation.

So thorough and searching are the means employed by the big wholesale houses to obtain an accurate knowledge of the standing and affairs of their debtors that it is practically hopeless for the latter to attempt any concealment of unfavorable conditions. Again, the credit men of the wholesale houses are the keenest men in the business, and their judgment of human nature is quick and shrewd. Then it should be constantly held in mind that the honesty of a patron seeking credit is half the battle, and that their confidence is won by an ingenuous statement of affairs that does not spare the one who is asking for credit.

The first interview of the young retail merchant

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with the credit man of the wholesale house is sometimes a trying ordeal in which many uncomfortable questions have to be answered. This may incline the beginner in the retail trade to avoid the credit man after the initial interview has been successfully passed. He could make no greater mistake than to allow this association with a disagreeable ordeal to alienate him from a close acquaintance with the credit man. To the contrary, he should improve every opportunity to strengthen and build up a confidential relationship with that important functionary of the wholesale house. Not once, but constantly, should he acquaint the credit man with the real condition of his affairs, and should ask and follow the advice of this counselor on all important matters. The more he does this the better will be his standing with the house and the safer will be his course. Advising patrons is one of the most important duties of the credit man. I place great emphasis on this matter because its importance is so often overlooked by young men starting in the retail trade.

Another cardinal point in the success of the retail merchant is that of having a small but frequent influx of new goods. This is founded on a universal trait of human nature which craves "something new." There is a subtle flattery, practically irre-

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sistible, in being shown goods that have not been exposed to the eyes of others in the town. "Here are some of the latest styles," says the retailer as he reaches into a packing-box and takes out a bolt of dress goods. "They have just come in and no one has seen them. You may have first choice, if you wish." This argument seldom fails to effect an immediate sale. And even if it does not do so, the woman to whom this courtesy is shown goes away with the impression that the young merchant is wide-awake and thoroughly up with the times.

The dealer who puts in a small stock at the start and keeps constantly adding thereto with fresh but limited invoices has an immense advantage over the tradesman who buys in large quantities and does not freshen his stock for six months at a time. In these days women are the most numerous and important customers of the retailer, and they do not like to see the same old goods. They will trade where they can find something fresh every time they call.

Every big business has had a small beginning. I do not know an exception to this rule. This means that a successful enterprise must have a normal, substantial and legitimate growth. If a young merchant finds himself in quarters larger than he at first demands, he should change for

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smaller ones or partition off a portion of his room at the back. The latter is better than attempting to put in a larger stock of goods than his trade really demands or his resources warrant. It is also better judgment than to attempt to "spread" his stock over a large space for the mere purpose of filling up.

While the proprietor should be the first at the store in the morning and the last to leave at night, and should always be ready to do anything that he would ask his humblest clerk to do, he should also remember that he must do the headwork of the business. He can hire a boy to candle eggs, sweep out, and deliver goods, but if he does not do the thinking and planning it will not be done. That is something that the most faithful and conscientious clerk cannot do for him. If he allows the physical part of the work so to encroach on his time and energies that he does not find opportunity for a frequent and thoughtful survey of his business, he makes a great and common mistake. This principle is stated forcibly, if uncouthly, in the old expression, "Let your head save your heels."

The young merchant who takes time, at regular intervals, to make a close summary and analysis of his accounts, and takes his bearings so that he knows precisely his position on the sea of business,

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is the man who will succeed. In other words, the mental part of the business is its most important feature. However, I hold that, at more or less frequent intervals, the storekeeper should do every task about the establishment for the sake of influence and example. Let him take the broom from the hand of the boy and show the latter how to "sweep out" without stirring up a dust or leaving dirt in the corners; this will give him added respect in the eyes of the boy, and the store will thereafter be cleaner by reason of the example; and so with every other task, no matter how trivial or humble.

Then the young merchant will do well always to bear in mind that courtesy is the biggest part of his capital. This does not mean that he should be obsequious or fawning, but simply and invariably attentive to all who enter his place of business. This should be a matter of principle and native good-breeding. But if it can't be spontaneous and of the heart, let it be nourished as policy, and from the cold and calculating consideration that in this country it is impossible to tell how soon the humblest patron may change to a place of great influence and importance. Let any business man of long experience go over the surprises of this nature which he has encountered and the list will be surprising. In fact, the man who has not learned a

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few lessons in this particular line through sad and humiliating experience is fortunate.

The matter of advertising is not an unimportant detail. In the local newspaper the young retailer may wisely use a limited amount of display advertising space. This will be most advantageously occupied by a simple, dignified and modest announcement of new goods. Like his stock, the subject matter of his advertisement should be kept fresh by constant change. It should also have the individual quality in its wording, form and type—something that expresses the personal good taste of the advertiser.

There is no doubt that a neat circular or folder sent personally to patrons is a strong method of advertising. Such announcements may be delivered by messenger or distributed through the mails. Best of all is the neat, personal note written to the merchant's best customers, calling attention to the fresh arrival of goods. The spare moments of a young merchant may be put to a far less effective use than this writing of individual advertising letters.

It is scarcely possible to put too much emphasis on attractive window displays. Here, again, the element of constant freshness plays an important part. The displays should be frequently changed, and, while striking, they should never fail to have

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the quality of good taste. Good statuary, pictures, curios, and art objects of every kind may be used to unfailing advantage in dressing windows, and they always command the attention and admiration of women. It pays the enterprising merchant to secure the loan of works of art for this purpose—and they are not difficult to obtain.

In looking after these details, which are of importance in the general result, the young retailer should not fail to keep a proper perspective of his business as a whole. He should know just where he is sailing, and be sure that he is not drifting. In this way he will become a safe pilot, will bring his enterprise into the harbor of success and independence. And the prosperous retail merchant is a very independent and respected member of the community in this country, where the honest tradesman commands the regard to which he is entitled.

CHAPTER IV

DETAILS THAT SPELL SUCCESS

IN another chapter I shall deal specifically with the credit system of the retail store in all its details, but the present reference is for the purpose of emphasizing the fact that here is the cardinal cause of so large a percentage of failures among the keepers of small stores. It is an actual fact that hundreds of small storekeepers become insolvent before they know it, and they believe themselves prospering until aroused to their actual condition by the credit man of their jobbing house. This statement will, I am sure, be verified by the credit man of almost any wholesale house, particularly in the grocery or dry goods business.

One of the rocks upon which thousands of storekeepers go to pieces is that of failure to figure the cost of their goods. I do not believe it an exaggeration to say that not one storekeeper in a thousand, the country over, adequately figures the cost of the merchandise which he sells. Almost invariably he fails to include in his estimate some important

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element of fixed charges, of his running expenses. For example, if he owns his store building he figures that he is saving the entire item of rent, and consequently he does not include this in his fixed or running expenses; because he has his son helping in the store as a clerk and his nephew delivers the goods, he makes no charge for their services on his salary account; again, he is unusually exact if he makes any charge on account of the insurance which he is obliged to carry on his building and stock. Of course, not all merchants are as careless as this with regard to their record of operating expenses, but it is safe to say that very few of them charge anything to the account of interest on their investment beyond, perhaps, the *actual sums* which they are obliged to pay out for interest *on money borrowed*. In a word, the average keeper of a store has no idea whatever of his total operating expenses and he is uncommonly fortunate if he figures into the cost of his goods one-half of the expense which should be charged under that head. Really, I do not think that fifty per cent of the smaller storekeepers in the country districts figure into their cost of a specific invoice of goods the money actually paid out for the transportation of that shipment, to say nothing of any charge for hauling and handling inside the store.

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Let me give one instance, which is thoroughly representative of hundreds of others, of how a storekeeper figured his cost. He bought a case of canned goods and had it hauled from the station to his store in his own delivery wagon. The fact that he did not have to pay any drayage on these goods was the one thing prominently in his mind when he opened them and for this reason he told the boys to mark the cost at fifteen cents and the selling price at twenty cents. When he sold these goods he flattered himself that he was making a good margin of profit, while, as a matter of fact, if he figured in a right percentage of all of his operating expenses he would have realized that he was selling the goods at a margin of less than a cent a can, if not at actual cost.

Another point which the storekeeper is prone to overlook is that of failing to *decide for his customer*. As an example: The storekeeper carries several brands of tobacco. In tobaccos, as in most other lines goods carried in the small general store, there is a wide difference in the margin of profit which the storekeeper can exact from his customer. Those brands which are the most widely advertised invariably afford the smallest margin of profit. Let us suppose, for example, that the Chippeway brand of plug tobacco gives the merchant a margin of

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only ten per cent, while the Cowboy's Pride and the Real Comfort brands give him twenty to twenty-five per cent margin. If he is a good salesman and a natural trader he will invariably hand his customer a plug of Cowboy's Pride instead of Chippeway, unless the buyer, of his own volition, asks for Chippeway. On the other hand, the storekeeper who is not thoroughly up to his task will ask the customer, "What brand do you want?" thus leaving the decision entirely to the customer, and thereby cutting his own profit in half. It must be confessed that, in a majority of cases, the general storekeeper, or his clerk, fails to make this decision for his customers. Of course, when the decision is put up to the customer he will invariably name the brand most widely advertised, because it is the first one that comes to his mind. If this were not the case what is known as "general publicity" advertising would be a failure and the millions of dollars spent in this kind of publicity would be wasted. Depend upon it, the customer will always name the brand which gives the least margin of profit, unless the storekeeper takes the matter in his hands and makes the decision in favor of the brand against which the manufacturer is not obliged to charge the expenses of a heavy publicity advertising campaign.

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This matter of pushing brands which give a liberal profit in preference to those yielding only a narrow margin is a most important one which calls for a nice discrimination in many ways. No merchant can afford to push a poor quality of goods and thus impose on his customers, no matter how large the margin of profit may be. On the other hand, if he is an intelligent buyer he will find little difficulty in securing goods in which there is a generous margin of profit, and which are nearly, if not quite, equal in quality to brands which are called "standard" because of the large advertising back of them. Then, he should remember that he has it in his power to make unadvertised brands of goods almost as well known to *his customers* as those which are largely advertised. This he can do not only by word of mouth, but by using intelligent discrimination in displaying the brands which he is most anxious to sell. He should remember that people dislike to be thought ignorant of brands and qualities and that he has it in his own hands to create the impression in the minds of his customers that certain profitable brands are the desirable ones.

There is no necessity for a merchant to give the most prominent display to brands in which there is the least profit. Instead, it is the part of

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discretion and good salesmanship to give the most conspicuous place in his show windows and on his counters and his shelves to those goods which he is most anxious to sell because they yield him the larger profit. A little intelligent work, in a hand to hand way, will do wonders in educating his customers in the idea that certain unadvertised brands of goods are equal in quality to those which have received greater publicity and for which a higher price is charged. It is human nature to feel gratified over a good bargain, and when once the customer is made to feel that he is buying something for ten cents as good as others are getting for fifteen, he feels a certain sense of gratitude to the merchant who has put the bargain in his way.

Of course the small country storekeeper cannot get the jobber to put his own brand on goods which he buys, but this is easily possible with leading merchants in the larger towns and provincial cities, and this is one of the strong points in good merchandising, particularly in the grocery business. No opportunity to do this should be neglected, provided, always, that there is no doubt as to the intrinsic merit of the goods. When the storekeeper, little or big, recommends an unadvertised brand of goods as against an advertised brand, he must

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be absolutely certain that the goods have the merit and will bear out his recommendations.

It should not be inferred from what I have said, however, that a merchant's stock of goods is complete without the leading standard or advertised brands of goods in the various lines. There are always, in every community, people who will demand these and be dissatisfied unless they are able to get them.

Perhaps the most important thing which any merchant sells is that for which he does not make a direct or open charge. The name of this commodity is *service*. Nothing on his shelves or counters is of greater value and the quality of service which he gives his customers is just as vital to his success, perhaps more so, than is the quality of the goods which he sends out in his delivery wagon or puts into the hands of his customers. On the other hand, service is just as tangible a commodity as sugar or dress goods, and should be as carefully reckoned in his cost account as his bills for goods or his freight or insurance expense.

It is not too much to say that good service is the most profitable thing which the merchant can sell, and that poor service is, by the same token, the most unprofitable thing that he can have about his store. Comparatively few storekeepers have any

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realization of this, and seem to conduct their business upon the supposition that service is an intangible quantity, and that the cheaper they can get their clerk hire the better. Few mistakes can be more fatal to merchandising than this notion. From the delivery boy up to the proprietor, quality of service should be considered the very essence of good merchandising. It is a fundamental trait of human nature to consider the *manner* in which a transaction is done to be quite as important as the more material part of it. When the storekeeper gets into the city he likes to get his meals at a first-class restaurant. Why? Not because the food served to him is really any better than he would get at a cheaper restaurant, but because the *service is better*. In other words, he is entirely willing to pay for a superior article of attention, and for more attractive surroundings. If he is observant and thoughtful he will at once realize that his customers are made of the same clay as himself, and that they will, consciously or unconsciously, take the matter of service into the same consideration in buying goods as he does in buying his meals. They will, as he does, put a premium upon attention, attractiveness of surroundings and promptness and reliability of delivery, not to speak of an agreeable manner in those who render the service.

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Neatness is a prime essential in store keeping. Many merchants have found their trade going to their competitors, and have been unable to account for this loss of patronage. Knowing their merchandise to be as good as that sold by their competitors and their prices to be as low, they were unable to account for this loss of trade. If they could have taken their customers into their confidence and arrived at the real reason of this falling away of patronage, they would have been astonished to learn that lack of neatness was the real cause at the bottom of the matter. This observation applies especially to stores in which dry goods and groceries are sold, for the reason that, to a very large extent, these commodities are bought by women, and that there is nothing against which woman nature so instinctively rebels as disorder and dirt.

To put it less bluntly, women are especially sensitive to all that is cleanly, neat and attractive to the eye. They like pleasant and tasteful surroundings and anything which suggests disorder and confusion repels them. Although perhaps men are not generally as sensitive to these things as women, at the same time they are confused by a disorderly array of merchandise and are attracted by a neat and pleasing display of goods. Any well-circumstanced man or woman shrinks from

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attempting to buy in a store where the stock is untidy and "cluttered." Instinctively the best trade in any community will gravitate towards the store which is kept up in the most orderly and attractive manner.

Consequently, not only will the merchant who has the real trading instinct be awake to this important element in merchandising, but he will also see to it that he hires clerks who have a sense of neatness and order and have an ability to display goods in an attractive way. As a general rule, the dry goods merchant is quicker to realize this than is the grocery man, but dirt and disorder in the grocery store are quite as distressing and inimical to success as in the dry goods establishment. Again, neatness and order are essential to the success of the storekeepers from the standpoint of economy, as well as from their effect upon the sensibility of customers. Goods which are not handled with cleanliness, neatness and order deteriorate much more rapidly than those which are kept and handled in a neat and orderly manner. The cluttered, ill-arranged and untidy stock of goods is the one which is going down hill with the greatest rapidity.

Equally important in the manner of service is the quality of promptness. This comes into play from the moment the customer enters the door of the

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store until the goods are delivered in his house. What reader has not heard the remark, "I like to trade with Smith, because I get waited upon right away, and because I know that the goods I order will be delivered in time for me to use them as I have planned." Thousands of times grocery men in villages and small cities have lost good customers because the goods have not been delivered in time for the next meal. This may be caused by the slowness or the carelessness of the clerk or the delivery boy, or perhaps the proprietor himself. But no matter where the blame may rest, the disappointed customer will not forget the incident, and if it is repeated the loss of the family's trade is almost sure to result. This suggests the not unimportant point that a bright and active delivery boy is quite as important a member of the storekeeper's force as is the head clerk.

Many merchants are prone to give very little consideration to the selection of a delivery boy; but this is decidedly a mistake. The right kind of a delivery boy has many times been able to hold the trade of a customer in spite of defects in goods and prices and in the service rendered by the proprietor and his clerks. The delivery boy who is a natural "hustler" is a tower of strength in the organization of any store, and the merchant

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who does not recognize this fact is overlooking an essential point. The storekeeper should not forget the fact that the delivery boy is the person who *closes the transaction*, and who goes into the homes of his customers to do so. He is, so to speak, the living link between the store and the home. In many cases much of the buying is done by servants, and it is the delivery boy who comes into daily contact with the maid of the house. If this work is done in a prompt, intelligent and agreeable manner he gets a personal standing in the homes at which he calls, and not infrequently brings out the remark: "They may be a little slow at the store, but that boy is all right and can be depended upon to get the things around in time and in good shape."

Perhaps some of my readers may feel that I place too much importance upon the delivery boy, but he is a factor in community trade which has received altogether too little consideration—and perhaps he also generally receives too little compensation. Certainly there is no kindergarten for the merchandising business equal to the delivery wagon, and the boy who makes a success in that humble capacity is the best possible timber out of which to make a clerk or proprietor.

Already I have suggested the necessity of atten-

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tiveness to customers. This should be instant, in season and out of season, from the moment the customer crosses the threshold of the store until he goes out on the street again. There is nothing which customers more invariably resent than indifference on the part of the storekeeper or his clerk. To go into a store and be forced to stand about without being recognized is a kind of treatment which goes against the grain of human nature, and will not be tolerated by the average American. Of course, there are times in almost every store when there is much business to be done in a small time, and it is absolutely necessary to keep several customers waiting. This does not mean, however, that there is any necessity for the proprietor or his assistant to fail to give a pleasant word of greeting to those who are obliged to wait their turn.

It is an easy matter for the storekeeper or the clerk to give a nod of welcome and a word of excuse to those who cannot be immediately served. The customer who has been pleasantly greeted and told that he will receive attention in a few minutes will wait cheerfully, while he would leave the store in ill-humor if his presence were entirely ignored. The ability to keep waiting customers in good humor and make them feel that they are not neglected is one of the most valuable qualities a storekeeper or a

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clerk can possibly possess. Just ordinary courtesy and attentiveness demand very little time, and they are far more valuable than flattery or argument in the sale of goods.

In this connection it should be said that flattery is a very poor crutch for the salesman to lean upon. The average American citizen is generally shrewd enough to detect flattery and invariably resents it. Instant and unfailing attentiveness are worth volumes of flattery in the upbuilding of a good trade, and the salesman who is always promptly attentive to the customer's needs and who does not "slop over" is a trade-getter and trade-keeper of the highest order.

Perhaps it will be thought that a word of caution with regard to the over-representation of goods is entirely superfluous and ungracious. I wish this were the case, but I fear that the observation is not at all out of order. Very often the zeal and ambition of the clerk carries him farther in this direction than his employer would wish him to go. Again, there are those in the merchandising business, as in every other business, who allow their desire for gain to impart an elastic quality to their consciences and who lose sight of the fact that nothing can be more fatal to their final success than misrepresentation, no matter in how mild a form.

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As a sheer matter of policy it is far better for the merchant to understate than to overstate the merits of his goods. When a merchant gains a reputation in his community for never misrepresenting his goods he is on the high road to success. He will command the trade of his neighbors, and he will hold it against obstacles.

In selecting his clerks every merchant should give careful consideration to securing those who have tact, pleasing manners, and all that is included in the term "a good personal address." At the same time it will be well for him to remember that a clerk may have all of these qualities and still be a comparative failure. Many a merchant employing quite a force of clerks has been perplexed by the problems presented by this matter of "the personal equation." Here is a clerk, for example, who out-classes all his fellow workers in personal popularity with customers. His graces of manner attract the patrons of the store to him to a degree which marks him as an exceptional favorite. At the same time the totals of his sales from week to week fall below several of his co-laborers at the counter. He puts in as many hours as they do and works as diligently as they. Here, on the face of things, is a clear contradiction which is decidedly puzzling the merchant. What is the difficulty?

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In nearly all cases of this kind, and they are so numerous as to be almost general, I believe the cause of the trouble lies in the fact that the popular clerk, who has decidedly the lead over all his fellows, lacks in *decision*. Not long ago I saw an interview on this very subject in which the superintendent of one of the big State Street retail stores, in Chicago, hit the nail squarely on the head so far as this point is concerned. He related how he had been puzzled to reconcile the fact that the most popular clerk in the fancy dress goods department took about third rank, so far as the volume of his sales was concerned. The young man had a decided charm of manner which naturally attracted customers to him, and it was apparent to the management that this clerk had practically first call on a large percentage of the customers who came to the department to buy.

At last the superintendent decided to give his personal attention to the solution of this very interesting and practical riddle. To this end he stationed himself near the fancy dress goods counter and began to watch the young man at his work. A young matron came down the aisle, passed a clerk who was at liberty to wait on her and went direct to the young man in question. It so happened that the superintendent was acquainted with the woman,

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and knew, from having waited on her himself before promoted to an executive position, that she was not especially difficult to please.

She handed the clerk a sample of goods of which she was having a skirt made, and told him she wished to get the material for a waist which would be appropriate to wear with the skirt. He looked at the sample, turned around to the shelves and started to take out a bolt of goods, hesitated, went to another, and then still to another. Then he drew out two or three bolts, looked at them and finally shoved them back into place. After making several false motions of this kind he at length returned to the first bolt of goods which his hand had touched, drew it out, and displayed it on the counter.

To the keen eyes of the watchful superintendent it was apparent that the indecision of the clerk had communicated itself to his customer, and after examining the goods in a somewhat indifferent way, she asked if he had not something else more attractive. Then he took down the bolts which he had glanced at in his hesitating pilgrimage along the shelves, showed them to his customer and discussed with her their relative merits. Still, she was apparently unsatisfied and he once more ranged the shelves and brought down other patterns. There

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was more conversation and further comparison of goods, and for the third time he turned about and began to search in a somewhat hopeless and hesitating way along the shelves.

More than once the customer seemed to be on the very point of decision, but finally she offered an apology, and, saying that she would come again, she left the counter without buying.

In the meantime the clerk whom she had passed by had waited upon three customers and sold to every one of them. His manner of work was this: He gave very careful attention to the description of the goods wanted by his customer and in each case asked one or two questions to bring out more clearly the desires of his patron. But in each instance, after he had learned this, he turned around and his hand went unhesitatingly to just the right goods. There was decision in his manner, and he placed the bolt of cloth upon the counter with the remark: "I think this is just what you wish." The watchful eye of the superintendent had taken in his movements as well as those of the popular clerk, and was convinced of two things: That the taste or judgment of the clerk who made the three sales was no better than that of the popular clerk who failed to make his sales; second, that the decision

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with which the less popular clerk acted was the secret of his success.

The conclusions of this superintendent were, to my mind, entirely correct. He found out why the man who attracted the fewer customers was able to make the greater number of sales. Incidentally it may be added that the popular clerk remained at the fancy dress goods counter, while the other was promoted to the head of the department.

Time and again, in my own experience, I have seen this incident paralleled. The gift of closing a bargain is by no means a common one, and it is left out of the composition of many clerks who are otherwise well equipped. And right here it should be added that without this gift all others are of no avail. No matter how skillfully the negotiations may be conducted up to the "sticking point," unless they go beyond that point they are useless. While indecision on the part of the salesman is the besetting sin which generally causes failure to close the bargain, there are other elements which contribute to this undesirable end.

One of these is the inability to shut out other matters from the conversation of the moment. Only the unskillful salesman will allow his customer to drag him into general conversation when he is actively engaged in displaying goods and

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attempting to get his patron's decision. This does not mean that it is not wise to chat pleasantly with customers about social and personal matters, but it does mean that this should not be done when once the business of selling is really in hand. Anything which distracts the mind of the customer from the vital point at issue is always to be avoided. Let all the visiting be done either before the display of goods has begun or after the bargain has been concluded.

Before leaving the subject of what the storekeeper should consider in the selection of his help, let me say that, as a general thing, the employment of relatives is to be avoided. It is not an overstatement of the case, I think, to say that traveling salesmen are well agreed upon the fact that when they find a storekeeper whose force is made up of his sons, daughters, nieces and nephews, he is considered as struggling under a distinct handicap, and his progress is watched with especial care. This is, perhaps, only another way of saying that the man who selects his assistants because they are relatives is not at liberty to make the selection on the broader lines of their real qualifications for the work in hand; they are not employed, in short, because they are especially gifted in the qualities of good salesmanship, but because they happen to be

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his kin. And even if they were as well equipped in every particular as those he might hire who were not his relatives, he is still at a disadvantage,—from the fact that they cannot avoid, at least unconsciously, presuming to some extent upon the tie of relationship.

It is practically impossible for the average man to maintain the discipline with a force of employees who are related to him as with those to whom he is simply an employer and nothing more. Still another element enters into this question of the employment of relatives. If one clerk is related to the employer and the other is not, the latter is almost invariably inclined to feel this fellow clerk has the best of him because of this relationship. A situation of this kind almost invariably results in jealousy, dissension and open outbreak. It is human nature that this should be the case, and there are few things more detrimental to the interests of a merchandising house, no matter how small, than a lack of practical working harmony among employees.

This reason alone, in my opinion, is sufficient to dictate the desirability of not employing a store force made up of both relatives of the proprietor and those who are unrelated to him. If relatives must be employed, then have the entire force made

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up of them, so that such feeling of favoritism and jealousy may be partially avoided. But this course is seldom practicable.

If any other reasons are needed to convince the reader that it is poor policy for a storekeeper to employ his kin, it should be remembered that any person feels a greater incentive to do his utmost when working for a person who is entirely unrelated to him, than when working for an employer to whom he is attached by family ties. The feeling that he is *standing absolutely upon his own merit*, and making his own way, is invariably the strongest kind of an incentive with any young man who has real strength and stability of character. I place so much stress upon this matter of the employment of relatives because I feel it to be of great importance and general interest. The practice of hiring relatives is well nigh universal among the smaller storekeepers of the country and a very large percentage of them have learned from practical experience that the course is a mistaken one; but they feel themselves almost helpless to discontinue it.

However, they would far better create a little family feeling right at the start and have it over with, than to make the still greater mistake of dragging the thing along and allowing it to become

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more serious. There are literally thousands of stores whose proprietors have attempted to run them on the "family help" plan, only to find the experiment ending in disaster and often in family misunderstandings and feuds which have lasted for years and caused great unhappiness. As a general thing, the experiment is tried because it is believed to be a much cheaper way of securing help, but in ninety per cent of the cases where it is tried, I am convinced, it has actually been proven to be the most expensive instead of the most economical way of securing help. Then, taking also into consideration the fact that family help is generally the least efficient kind, for the reasons I have already tried to make clear, there is little ground left for believing it to be anything but a failure.

While the storekeeper should keep the most careful and constant watch upon every one in his employ, he should be slow to accuse a clerk or any other member of his force of dishonesty. Lax methods of accounting are often, if not generally, the cause of apparent discrepancies which lead to suspecting crookedness on the part of employees. The merchant who does not keep his books in condition which will tell him at any time just exactly his standing, to a dollar, is in a poor position to bring accusations against a clerk or cashier unless

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he has absolute knowledge of that employee's dishonesty or misconduct.

It is scarcely too much to say that the first impulse on the part of the storekeeper who arrives at the conclusion that there must be a "leak somewhere" in his business is to accuse a clerk of stealing. There is neither justice nor common sense in acting upon this impulse without solid facts upon which to base the accusation. Many a merchant, by hasty action of this sort, has not only deprived himself of a useful assistant, but he has also shamed and humiliated, if not actually disgraced, a clerk entitled to respect and confidence. If a merchant employs his relatives he should, on their account, as much as his own, watch them with the same care that he would a clerk entirely unrelated to him. Not only does this course establish a proper sense of responsibility but it also promotes the feeling among his clerks that he is fair and impartial. Again, if a situation arises in the store which seems clearly to indicate that some employee is indulging in peculations, the relative of the proprietor is in a far better position, under a system of impartial scrutiny, than if the head of the establishment took it for granted that it was only necessary for him to watch those of his help not connected with him by family ties.

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A practically universal source of loss to country merchants is the failure to charge all the goods which go out of the store. It is scarcely too much to say that there is not a single country store in existence which does not suffer a loss of one to five per cent of its business from this cause. Consequently, the first thing for the wide-awake storekeeper to do is to settle it with himself that *not a dime's worth of goods shall go out of his establishment, unless charged or paid for.*

This resolution cannot be made really effective unless the storekeeper has determination enough to resort to the radical measure of throwing out the time-honored old style daybook, as a book of original entry, and substituting in its place the duplicate carbon slip system. No matter how frequently and emphatically he may tell his clerks to charge every item "if the house is on fire," they will sooner or later begin to leave items uncharged, if the old daybook system is adhered to. The clerk, for example, is standing in front of the store, doing up a package of fruit for a charge customer, when a carriage drives up and its occupant beckons to the clerk to come to the edge of the curb-stone. In the course of taking the order of the lady in the carriage, he naturally forgets to charge the fruit which he hastily pushed into the hands of the other

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customer. If an instance of this kind has occurred once it has ten thousand times in the history of store keeping, and that is putting it very mildly. As a matter of fact, it is a daily occurrence in almost every town in the United States. There is no remedy for it excepting to change the system.

Each clerk should be supplied with a little flimsy book of the style used by all clerks in modern city department stores. Each leaf of this book is made up of a stub and detachable leaf with a sheet of carbon between, so that the entries on one are manifolded upon the other at the same writing.

There is room for several items on each slip and stub, and the stubs, with their corresponding slips, are numbered consecutively throughout the book. The rule for handling these books is, that each purchaser, whether a charge or a cash customer, must receive along with his goods the slip containing the memorandum of his purchases. The customers very soon learn that they are expected to take this memorandum, and consequently they quickly fall into the way of expecting it.

This system has various other advantages beyond that of making it more difficult for the clerk to let goods go without charging them. As each clerk has his individual charge book it is a very easy matter for the storekeeper to keep accurate account

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of the business done by each clerk. In other words, he has readily at his hand the total of each clerk's sales for a day, a week, a month or a year. Again, it should be remembered that the mere volume of a clerk's sales is not always a true criterion of his salesmanship. In other words, some clerks get into the habit of increasing the volume of their sales at the expense of the proprietor's profits.

The practice of cutting prices is quite as much a matter of personal disposition as it is of necessity. Without realizing it, clerks who have a weakness in this direction fall into the way of shaving a little off from the price whenever there seems to be the slightest possible excuse for so doing. Others adopt this practice deliberately and for the purpose of making the total of their sales look attractive in the eyes of the storekeeper, thus paying him the poor compliment of believing that he is not shrewd and discerning enough to detect their trick. Of course the store's regular books of entry are written up from the stubs of these small books, and if a number is missing in any one of them it is a legitimate reason for inquiry. Not fifty per cent of the country merchants use these books, which would, in my opinion, probably cut down three-fourths of "lost charges."

Economy of time is another matter altogether

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too slightly considered by the average storekeeper. There is always something to be done about the store, and the successful merchant is one who is best able to employ to advantage the time of his clerks when they are not occupied by waiting on customers. It is not sufficient, however, to keep the clerks occupied to advantage, during all their work hours, but the matter of economy in time should extend beyond this, and be applied to a suitable arrangement of convenience. The merchant who has his stock so arranged as to handle it to the best possible advantage can make a saving anywhere from fifteen to twenty-five per cent of actual labor in the dealing out of goods. It is not to be expected that the country store can be designed upon a model plan as can the big city merchandising establishments; but it is true that the number of country stores in which the maximum of possible convenience has been obtained through an intelligent arrangement of merchandise is small.

So far as the advertising to be done by the merchant is concerned, little need be said beyond the simple statement that he should always bear in mind that trait of human nature which will cause a customer to go to unusual pains and inconvenience in order to get the benefit of a bargain. He may depend upon it that if he advertises some staple

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article at a figure which the public knows must be very close to cost, or below it, he will draw special custom to his store—and that when these customers are once within his doors they will naturally buy other goods not advertised or sold at a sacrifice price. This, it seems to me, is the whole story of success in advertising, so far as it concerns the general storekeeper. The thrifty farmer will drive five miles over muddy roads in order to get a barrel of salt on which he knows he is saving ten cents, while at the same time he will buy other goods which the thrifty merchant sells him at a good margin of profit.

Before dismissing the subject of selling goods, it should be said that the storekeeper must always keep in mind the principle of not allowing his *customers* to *make his prices*. The world is full of shrewd buyers, and every town has its proportion of them. These sharp traders have learned that if they can set the prices on the merchant's goods, they will get the best end of the bargain. When a customer comes into a store and informs the merchant that his competitor is selling sugar for two cents less than the price which has just been named to him, the storekeeper should at once settle it with himself that he is establishing a dangerous precedent, and playing into the hands of the customer,

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if this reported cut in price is met without careful investigation. And even then, he should generally stand firm and refuse to meet this competitive attack. *The man who sells the right goods in the right way has no need to do business at a loss on any article or to allow his competitor or his customers to make his prices.*

There are two classes of merchants who keep up the large percentage of failures in this line of business. These are the merchants who are not contented with small beginnings, but insist on starting out with a splurge and a show involving an investment and expenditure beyond that which the business will warrant, and those who, on the other hand, are content to drift like logs down the stream and feel that they are doing a fairly good business if they are able to make sixty dollars a month with nothing charged for carrying their investment.

There are thousands of small storekeepers who are satisfied to make the wage of a day laborer and who have little ambition beyond this. Of course, this means that the margin between the profit and loss of their total business is so small that a little carelessness or a little misfortune turns their balance against them, while their capital is so small and their resources are so limited that they are unable to stand their reverse, even in a temporary

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way, and are, therefore, closed up by their creditors. This should emphasize the fact that no matter how small may be the business of the storekeeper, it is absolutely essential to his existence to figure his cost so that no item or element will be left out, to see that all of his running expenses or fixed charges are included in his cost, that no goods are permitted to pass over his counter without being paid for or charged, that he practices thorough economy, and does so in a consistent and systematic way, which applies both to his handling of goods and to his use of the services of his employees; that he keeps his store in a clean and attractive manner, and that he does not allow his customers or his competitors to lead him into making prices which do not yield him a fair and substantial profit. By thus stopping all the little leaks on the one hand and by a consistent and energetic expansion of profitable business on the other, the storekeeper may amass a very comfortable competency in almost any locality which enjoys a reasonable degree of prosperity. Depend upon it, every community will have its prosperous storekeeper and he will succeed because he conducts his business upon the principles which have been indicated.

CHAPTER V

BUYING MERCHANDISE

THE most successful merchants, the country over, are those who meet competition by giving their customers better, instead of cheaper, goods. This should be a settled principle in buying stock. The moment the storekeeper becomes possessed of the idea that cheapness in prices is the main consideration in merchandising he will start upon the accumulation of a stock which will sooner or later sacrifice his standing with the most desirable trade of his community. If he does not himself thoroughly understand the quality of the goods he must buy, his first concern should be to get some person in his store who is thoroughly posted in that particular.

One of the easily besetting temptations which assail the merchant in the buying of goods is the delusion that he can profit himself by becoming what is known in the trade as a "snap hunter." He proceeds upon the notion that every commercial traveler has his special bargain, and that the secret

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of shrewd buying is to get from each drummer his own particular "snap." He is a wise merchant who makes up his mind at the outset that it is far more profitable to hunt customers than to hunt "snaps." Those who are most given to the theory and practice of "snap hunting," are those who will justify themselves by quoting the old saying that "Goods well bought are half sold." While there is, of course, a grain of truth in this saying, it is equally true that in most cases the common sense of the observation is distorted and misapplied. Generally the maxim is used to bolster up the idea that time and energy spent in beating down the traveling salesman and "getting the best of him," and consequently of local competitors, is time well spent. The first essential of successful buying is the sound knowledge of goods and of values. Careless buying is inexcusable, but time spent in petty trafficking is generally unprofitable, and the good merchant will not descend to this. In other words, the confirmed "snap hunter" generally helps in the end to swell the ranks of the failures.

Another mistake frequently made by the merchant who is not uncommonly broad in his mental grasp of things is the notion that he is acting shrewdly to split his business up between two or more jobbers in order to get them to *bid against*

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each other. This is known in the wholesale trade as "going out jobbing," and the inevitable result of this practice is to make the buyer's trade undesirable to any of the firms with which he attempts to do business. While it is possible that this kind of a trick may be worked by a merchant to his temporary advantage, he gives the jobber too little credit for shrewdness and intelligence, when he thinks that this game can be played indefinitely with success. Splitting up his trade among several jobbers can have but one result for the merchant: All of the jobbers will soon realize that he is a bird of passage and that they must get what they can out of him in short order. They will find his weakness as a buyer and will make him pay for his instability and shiftiness.

As a matter of fact, however, the very best jobbing houses will discourage the business of a buyer of this sort, and will have as little to do with him as possible. They will be quick to realize that his business is not worth while, and that he will never become a steady and valuable customer.

It is always worth while for the merchant to *make his business an object to a good jobber.* This not only results in giving the storekeeper the support of a good line of credit, but it also insures him the *permanent and active interest* of

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the jobber in his welfare and progress. There are a hundred ways in which the man in the jobbing house can favor the merchant, and he is bound to do this if the storekeeper is a steady and valued customer. In short, there is only one rule for the storekeeper to observe in his buying and that is to make his business an object to the jobber. I know of a wholesale grocer who waited ten years to get the business of a certain country merchant who refused to place an order for oil at two cents under the market price. That storekeeper made more money than his three competitors combined, and he made it by standing by his jobber as long as that jobber treated him right.

The storekeeper who attempts to buy his goods by submitting lists to various jobbing houses and having them all bid upon the same goods does not realize that there are tricks in the jobbing trade as well as in the retail merchandising business; and that some shifty wholesaler will undoubtedly send in a bid which will look to be very much lower than the total of the bid submitted by the more established high-class jobber. Naturally the low bid is the one accepted, and the country storekeeper feels that he has done a very cunning piece of trading until he actually receives the goods. Then he discovers that certain of the articles pur-

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chased are of inferior grade or quality to those demanded in his specifications.

A common practice among country merchants who do not feel entire confidence in their own judgment of goods and values is to take with them to the city some friend who, they feel, is better posted than themselves. In most cases of this kind the friend in point is an ex-storekeeper, and he, of course, has his particular friends in the jobbing house to which he takes the merchant. This practice is so common, that the man who is in the hands of a "pilot" is instantly identified and the "friend" is at once made aware of the fact that his services will be substantially appreciated in one way or another. Besides, this practice of putting one's self in the hands of a friend is a confession of weakness and inexperience, and is so regarded by the men at the jobbing houses.

The wisest course is for the merchant to select a good responsible jobbing house, which does business in the manner in which he has confidence, and to say to the management: "I'm going to give you a chance at my trade, and if you take care of me right, and stand by me, I will stand by you." This at once puts him on a proper footing, and if the jobbing house is a reputable one the arrange-

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ment will certainly prove to his advantage in the long run.

Buying ahead on long datings and overloading is a common mistake among country merchants, and a practice which invariably leads to loss and disadvantage. The storekeeper should not delude himself with the idea that he is going to gain anything by this subterfuge—for the system of long datings can scarcely be described by a milder term. He may be sure that he is not going to get any great concession from the jobbing house in the matter of delivery in the future without paying for it, somewhere along the line. His greatest advantage with the management of the jobbing house will be to establish the understanding that he is a conservative buyer, always willing to pay a fair price for goods, and that he is doing business upon a safe, sane and sound basis. This will do more for him than any amount of shrewd "dickering." Inevitably the jobber will form the conclusion that the man who does his business with the jobbing house upon this basis will apply the same principles in dealing with his own customers, and that he is, therefore, a customer well worth keeping and taking care of in the best possible manner.

It is well for the merchant to recognize the

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fact that while the traveling salesman may be, and doubtless is, a valued adviser, he has his limitations, so far as *his authority in the house is concerned*. There are many favors which it is easy for a traveling man to promise, but difficult and impossible for him to deliver.

CHAPTER VI

THE TREATMENT OF EMPLOYEES

IN a preceding chapter I attempted some practical suggestions to the end of indicating how the young employee may secure favor and advancement with his employer. There, only the conduct of the servant was considered, and nothing was said regarding the responsibilities of the master. The successful merchant cannot ignore these responsibilities.

A very large proportion of the Americans who have builded great businesses and made their names familiar to a large public confess that they find their chief pleasure in following the daily routine of traffic at a time when they have no longer any financial necessity for so doing. For this, we as a nation are sharply criticised by our European friends, who declare that in the absorbing race for success we forget how to enjoy the fortunes after they have been secured. These critics say that the most pitiable spectacle in the world is the millionaire who becomes a slave to the habit of

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money-getting and cannot take himself from his sordid tasks. To a degree this observation is sadly true, and America has very many men of great fortune who appear to have small capacity for any pleasure other than that of increasing their wealth. But there is another side to the picture of the wealthy business man who sticks to his desk long after his fortune is greater than he could reasonably spend during the remainder of his lifetime.

It would be well-nigh impossible to convince men of a certain class that very many of these men, who have no necessity to work, keep to their tasks from a sense of duty to their fellowmen—and most particularly to their own employees. This, however, is true in scores and hundreds of instances. If the secret motives of business men who have been scoffed and sneered at as mercenary and miserly, because they did not retire to a life of ease and idleness when their wealth overtopped the “dream of avarice,” could be understood, it would be seen that a very large proportion of them have kept steadily at their self-appointed tasks for the sake of the small army of men, women and children depending for the necessities of life upon the safe conduct of the great enterprises managed by these men. I think this spirit is particularly

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characteristic of those who have made great fortunes in mercantile pursuits rather than in speculative fields.

The reason for this sense of responsibility on the part of wealthy merchants is not difficult to find. Generally their fortunes have been of comparatively slow growth, and in the process of their building, the "merchant princes," as the newspapers describe them, are brought into close and long associations with their employees, and would be scarcely human if they did not find themselves deeply interested in the welfare of the men who served their interests, even though it be a service for hire. Many a conscientious merchant worth millions has said to himself, and possibly to his nearest friend: "I'd like to let go of work entirely, take a long trip and make a business of pleasure-seeking, but I'm interested in my men and have plans for their good that can only be carried out after careful foundations have been laid. So I'm going to stick to work until I can see things so firmly established that it will not cause a ripple of disturbance when I do step out. And perhaps I shall get quite as much enjoyment in doing this as in searching for pleasure outside of work."

This attitude is certainly that of many wealthy merchants and other large employers of labor, and

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if their employees could only appreciate this fact it would make the service of both a delight, and would change the aspect of the labor world. On the other hand, it must be admitted that not all large employers are sufficiently unselfish to take this view of their opportunities; but of such it must be said that they do not have a realizing sense of their responsibilities.

Many avenues of helpfulness open to the manufacturer who desires to deal helpfully and generously by his employees are closed to the merchant, for the reason that the employees of the latter are generally widely scattered through the city in which the mercantile enterprise is located. On the other hand, the employees of a manufacturing concern usually segregate and comprise a distinct community of their own. This makes it possible for the manufacturer to build halls, churches, libraries, schools, gymnasiums, theaters and clubhouses to be used exclusively by the men and women on his pay-roll. The merchant cannot do this for the reason that his employees are dispersed throughout the entire city.

This difficulty, however, does not shut out the kindly disposed merchant from benefiting and helping his employees. There are many things he may do in this direction, and the first and most

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important one is that of consistently following a line of conduct calculated to make every employee, from the least to the greatest, feel that so long as he is faithful in the discharge of his duties and reasonably competent he will not lose his place in the employ of the house. Nothing in the world can build up so strong a sense of loyalty and devotion on the part of the working force of any establishment as this feeling. Nor will any amount of fear, discipline or driving get so much work and as good work out of employees as the knowledge that their tenure of service is secure, and that in misfortune they will be taken care of in a friendly and humane manner. This feeling will go further than high salaries—although in saying this I do not take the position of urging it as a possible subterfuge by which the payment of fair wages may be avoided. It should be adopted as a business rule because it is right, and it will be found most excellent policy when pursued from this motive.

The best capital that any employer can have is the knowledge and appreciation on the part of his employees that he is genuinely and sincerely interested in their welfare; that he really cares for them and their prosperity. This applies particularly, it seems to me, in the mercantile business, where

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a very large proportion of the men are salesmen, and their efficiency dependent to a sensitive degree upon their feelings—their loyalty, energy, and hope of substantial appreciation and reward. I have never found any way of accomplishing this result other than that of keeping in close personal touch with the entire working force of the house. It would be a matter of sincere regret to me to learn that a single employee of my establishment did not feel and understand that he could come to me in any personal trouble or exigency of a serious nature and be cheerfully granted an audience, and that the boy receiving the lowest wages would be as welcome as the man holding a position of great responsibility. To establish this feeling thoroughly in a large institution may cost many hours of time; but my experience warrants the statement that any merchant who is a large employer of labor will find time thus spent the most profitable and productive that his calendar records.

The knowledge that he will be "taken care of" in sickness and calamity as well as in health does more to keep the employee steady and contented in his service than all other influences. When the man knows that in the event of illness, no matter how long continued, his pay will be cheerfully sent him, he needs no argument to induce him

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to remain with such an employer, even if offered higher salary or more brilliant inducements elsewhere. And if the employer keeps so close to his men that he is able to visit them when they are sick without making the visit a palpable and deliberate display of patronage and condescension he will command almost unbounded loyalty from the men on his pay-roll.

Another powerful stimulant to the devotion of employees is the pension system, which is in force in mercantile life to a much greater extent than is generally understood.

The value to a great commercial establishment of taking care of its employees, of showing interest in them, of stimulating them to advancement, and of making them feel secure in their positions has been illustrated by some notable examples of those who pursued an opposite course. One of the largest mercantile houses in the country adopted as a settled policy the unwritten law that when a man advanced to a certain degree of intimacy in the knowledge of larger affairs of the concern his services were to be dispensed with. In other words, the proprietor determined that no person besides himself should have a grasp of the business in its entirety. As soon as his lieutenants acquired what he regarded as a dangerous amount

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of knowledge he discharged them. And with what result? He educated men for high places in the service of his competitors and put a most effectual damper on the spirit of loyalty. His men realized it was not safe for them to "know too much." Because of his strong personality and his genius for finance he was able to prosper in spite of this weakness in his system; but the instant his own hand was stricken from the guidance of the affairs of his house the spirit of his own distrust of his employees swept into practical wreck the great enterprise which he had builded. There seems to be little reason to doubt that had he pursued an opposite policy, and put a premium on high executive ability and a comprehensive grasp of the business, his house might have perpetuated his name for several generations instead of dropping from sight with almost incredible swiftness. The great cohesive power of a mercantile establishment is the spirit of confidence between employer and employee. It is indeed necessary for success.

There are many excellent ways, beside those I have already mentioned, by which the employing merchant may arouse the energies and inspire the devotion of those in his employ. One is by paying salaries that are admittedly large. In the trade, service in such a house is regarded as a prize to

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be vigorously sought. The assigning of a direct interest in the house is another effective way in which to reward what in military terms would be classed as "distinguished service."

I am familiar with an incident of this kind wherein the proprietor of an extensive business wished to make one of his principal employees an actual shareholder. The young man had no capital to invest, and could not well spare anything from his current earnings for an investment. He was charged on the books of the concern with fifteen thousand dollars in cash and credited with that amount of capital. Of course, he was also charged interest at the rate of six per cent. Against this was a credit of profits or earnings of twenty per cent. This made a net balance in the young man's favor of \$2,100, which was applied on the charge of his capital of \$15,000. The years in which this snug capital was paying for itself passed so quickly that the happy young man was scarcely aware of their flight. The fund not only exerted a strong influence on the young man, but on other employees of the establishment.

The method of bestowing a working interest is probably familiar to all. It consists of what to all intents and purposes is the bestowal of a fictitious interest in the business. The favored

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employee is credited with a certain percentage of the net profits for the year—this in addition to a salary sufficient for living expenses. It does not matter so much in what form the employer makes this award to special worthiness, so long as he makes it and his employees know that it is to be made from time to time. In truth and in fact, the interests of the employer and employed are mutual, and everything which goes to make this more apparent is to be welcomed.

CHAPTER VII

THE DEPARTMENT STORE

FEW modern marvels surpass in interest the great department store. Certainly this is so for the man of commercial tastes and pursuits, and I cannot doubt that, in possibly a lesser degree, it is so for the great mass of the American people. Perhaps there are other developments of twentieth century progress better adapted to stand as types of the age; but it must be granted that the department store is distinctly a latter-day institution which is clearly representative of conspicuous elements and tendencies in the life of the present hour. It stands for centralization, for relentless commercial utility as opposed to craft sentiment, for economy of operation and conservation of energy, for comprehensiveness and completeness, for quickness, accuracy and system. All these are certainly twentieth century traits, and all of them find high development and picturesque expression in the great metropolitan department store.

No man in mercantile life can afford to pass over

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the department store and its problems because he may not chance to be identified with an institution of this kind. Sooner or later he will find that the growth and development of these monster retail establishments will directly and vitally affect his interests, whether he is a manufacturer, is in the wholesale business, is running an exclusive line of retail trade, or is a small shopkeeper. He cannot keep out of the zone of influence exerted by this retail giant. His only wise course, therefore, is to study the youthful Goliath.

Although the history of the modern metropolitan department store is not a long one, the phases of its development are not altogether clear in the minds of all who have special interest in the subject. There are differences of opinion among those who have some claim as authorities. In this absence of compelling and absolute proof I shall state my own observations and impressions without any assumption of dogmatic rights or privileges.

Some hold that the dry goods store is to be regarded as the germ from which the department monster has developed and grown so great. My own impression is that the old-fashioned "general store" of the country crossroads must be regarded as the direct forebear of the big and comprehensive city mart where almost everything is retailed under

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one roof. The line of descent and the family resemblance seem too distinct to be mistaken. The keeper of the crossroads store was, generally speaking, the only merchant in his immediate community, and was compelled to meet the commercial needs of his neighbors in nearly all of the elemental lines, no matter how meagerly. The farmer's family came to him for sugar, for calico, for men's wear, for axes and hoes, for schoolbooks, tobacco—and in the old days for rum and other spirits. He was obliged to make his establishment a combination of grocery, dry goods, clothing, hardware, notion and liquor store because his community was not large enough to support a separate mercantile establishment for each of these branches of trade. His customers demanded that the basic articles in these lines be carried for their accommodation.

Then came the period of specialization which has reached its strongest development in the cities. A man who went into trade gave his whole energies to one of these subdivisions of retail traffic. But it did not stop there. The progressive city retailer next took one single stock and pushed that exclusively. The shirt store, the silk store, the light hardware store, and a score of other special-feature establishments made their appearance. Carried to its full development, this era of specialization



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brought about a condition which seemed to militate against the great army of middle-class shoppers and traders, those who must economize minutely their time as well as their money. Their trading must be done carefully, but with as small an outlay of time as possible. Unlike the woman of fashion with a private carriage to take her from one special store to another, and with leisure in which to make the selection of a single article the pleasure or excitement of an entire forenoon, the housewife from the workingman's home perhaps found it necessary to make her purchases for the entire week in a single afternoon. This was done with great difficulty when a family shopping trip involved the absolute necessity of going to a half dozen different stores a considerable distance from each other.

Then came the first movement in the direction of centralization of stocks—not because, as in the case of the little rural community, there were too few stores, but because there were too many scattered special stores. It is not to be understood, however, that this consideration of convenience was the sole influence which started the movement toward the metropolitan department store, although it seems to me probably the main one. Of almost equal importance was the consideration, on the part of the department merchant, of being able to buy and

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sell goods for lower prices than his specializing competitors, because of handling them in enormously larger quantities and buying them at first hand from the manufacturer. Not less potent a factor in the evolution of the department store has been the principle of buying and selling for spot cash. The relation which these elements have held to each other in upbuilding the department concern must remain problematical, but their combination has produced results the magnitude of which would have staggered the credulity of the wildest commercial enthusiast of a decade or two ago in his most untrammelled forecast of the possibilities of retail trade.

According to my best information, the first mercantile establishment coming clearly under the definition of a department store established in this country was one which was opened in Chicago in the fall of 1875. Its first home was an insignificant, one-story structure with a frontage of sixteen feet and a depth of eighty feet. Now this pioneer department enterprise occupies a building having fifteen and one-half acres of floor space. The correctness of the logic which led to the launching of this venture was demonstrated by an immediate success, which brought into existence similar institutions which have grown to almost incredible proportions.

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An important step in the evolution of the department store was the introduction of "odd-cent" prices. This was instituted at the very outset of the movement, while the marvel of being able to buy dry goods, notions, groceries, hardware, furniture, house-furnishings, and almost every other staple article of retail traffic under one and the same roof, was still fresh in the public mind.

Before then "even-money" prices were as universal as in the more remote villages of the South to-day, where it is almost impossible to find a penny in the whole community. Of course this departure was at first looked upon as picayunish and hair-splitting to the last degree. Some time was required to habituate customers to this odd-price trade, for the more sensitive shoppers were more than half ashamed to receive a penny in change after making a four-cent or a nine-cent purchase. Soon, however, the public came to recognize that in many instances at least the odd-cent pieces returned in change were so many pennies saved from the price prevailing for the same articles in the stores still adhering to the dignity of even-money prices. This practice of close selling was a natural parallel to that of the close buying which was undeniably a strong factor of the department store plan of action.

While it is not clear that the system of delivering

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goods free of charge was introduced by the department store, there can be no doubt that its development to its present proportions was greatly hastened by this form of commercial enterprise. On the other hand, the fact that the patron could have the harvest of a day's shopping promptly and without charge put inside the door of his home was another strong factor in attracting trade away from merchants of the special-stock kind, and particularly from the smaller shopkeepers in the residence districts outside of the business center of the city. Then, too, the department stores were quick to grasp the advantage of larger liberality in the exchange of goods, and this was turned to their advantage. It is not to be inferred, however, that they are to-day more liberal in that particular than their progressive competitors in non-departmental merchandising. So far as that is concerned honors are probably about evenly divided. The point at issue, however, is that the department store was pushing, aggressive and always ready to make a radical departure if it promised to yield profits or attract attention. It was unhampered by the traditions of the craft and welcomed anything that carried with it the dash of enterprise.

No adequate estimate of the influence and ultimate development of the department store can be

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had without first gaining some idea of the scope and magnitude to which this form of retail enterprise has already been brought. After arriving at a partial understanding of the present stature of this Titan of modern merchandising, a closer estimate may be made of its probable ultimate growth and the tendencies which it is most likely to show in the future.

If the counters in Chicago's largest store of this kind were placed end to end they would make a causeway six miles long. Were the delivery wagons and teams of this institution drawn up in marching order they would completely surround an entire city square. A careful estimate of the number of persons entering this place during its banner day of trade is 225,000. This means, roughly speaking, that the crowd which passed under this roof on a single day's traffic more than equaled the entire population of Louisville, Minneapolis or Jersey City. The average force of employees maintained by an institution of this size is about 3,300, but this brigade is increased to 4,000 to meet the demands of a prosperous holiday trade.

An ingenious and interesting method of placing the magnitude of this establishment within the grasp of the reader is to compare its trade with the total retail traffic of a provincial city or town. A com-

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parison of this kind indicates that, according to the normal distribution of trade, the business transacted by the largest department store of the West would equal all the retail traffic done by a city of about 80,000 inhabitants.

Another way of bringing the bigness of the department store within the realization of the reader is by reference to the size of its purchases. One store in Chicago bought in one bill a stock of granite kitchen ware which filled seventeen cars that were made up into a special train. Another of these great institutions bought a train-load of shirt-waists on a single order. It is not unusual for any of these great concerns to place a single import order for \$50,000 worth of goods, and often this is far exceeded.

One Chicago department store in the past year made almost four million deliveries. The number of packages of merchandise thus handled would probably triple this figure, as comparatively few patrons purchase a single article at one time, while many a suburban delivery wagon leaves a score of parcels at a house at the same time.

To accomplish this task of distributing the merchandise sold and not taken from the store by the hand of the purchaser requires a steady force of about one hundred double wagons and forty single,

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and four hundred horses. This delivery contingent is materially increased during the days of holiday traffic, when a cavalcade of heavy "bulk wagons" and drays, owned by private teamsters, is employed. Each wagon has a driver and a delivery boy, and those traveling in the more thinly populated districts have an extra boy to facilitate the process of distribution.

In almost any line of staple goods the volume of a day's sales in a metropolitan department store is well calculated to test the credulity of the uninitiated. Think of retailing more than twenty tons of sugar in one "dept." in a single day. This record, however, has been made and the sales were mainly in "dollar lots." The physical task of handling and weighing up this quantity of sugar in comparatively small packages is tiresome to contemplate, and it would have been scarcely possible had it not been for the great automatic scales with which the sugar department is equipped. Suppose the rate at which this staple is retailed to be nineteen pounds for a dollar. The scales are adjusted at that weight. The clerk presses a button and a volume of sugar weighing exactly nineteen pounds is dropped into a paper bag below the spout leading from the hopper. When the grocery department of a big store like the leading ones of New York

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and Chicago institute a special sale of hams it is not unusual to dispose of 5,000 of them in a day.

Many articles entirely unknown to the traffic of the larger stores of a provincial city are handled by these monster department establishments in surprising quantities. Take the sprightly article of live frogs as an example of this phase of trade in lines not thought of by the average person. Over the counter of a Chicago department store three thousand dozen of these creatures were sold in one day for "live bait."

Occasionally, however, department managers find a limit to their enterprise. While there is, apparently, scarcely a limit to that which they are willing to attempt in order to attract the public, their plans sometimes come to grief. On one occasion the manager of the house-furnishing department in one of the stores came to the conclusion that his stock would be incomplete without a full line of domestic pets. He therefore bought a varied assortment of song birds, parrots, Guinea pigs, house dogs and monkeys. The simians were his special pride, as they attracted large crowds of delighted children and amused parents. The department zoo seemed an unqualified success until it began to attract as many rats as are said to have followed the Pied Piper of Hamelin. How to check this pest was a

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serious problem, but the manager of the department thought he was able to meet the difficulty. From his home he brought a pet bulldog which had a record as an intrepid ratter. The animal was tied to the leg of a bench and left to stand guard against the army of invading rodents at night. Full of confidence in his pet, the manager entered the store in the morning. The dog was there with the fire of triumph in his eye, but his tether was broken. Beside him were four dead monkeys, two parrots and several other birds. Although the manager's pride in his dog was not decreased, his faith in the practicability of a department store menagerie was gone.

There seems to be a strong consensus of opinion among the men at the head of these great retail enterprises that the department store has well-nigh reached the limits of expansion so far as the variety of merchandise is concerned, and that the main problem now is that of better service.

CHAPTER VIII

MANAGEMENT OF DEPARTMENT STORES

WITHOUT a high state of organization the modern department store would be impossible. In these institutions business system is reduced to almost automatic precision. The smallest details as well as matters of the largest moment move with mechanical exactness and in accordance with a well ordered and clearly defined routine. In the government of a large force of employees not only is thorough system absolutely necessary to secure results, but that system must be simple and direct in its structure and operation. Especially must its points of executive responsibility be so clearly apparent that none shall fail instantly to understand who are the persons in authority in the main divisions of the establishment.

Though each concern has its own distinctive points of individuality, the general plan of organization followed by these great commercial houses is comparatively uniform. As with all successful enterprises of large proportions, there must be one

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point or personality in which executive power centralizes, one master mind which directs and governs and makes the policy of the concern. He may be its individual proprietor, its president, secretary, treasurer or other official. Often this personage, who is the moving power of the whole enterprise, does not spend an hour a day in the store, but his individuality permeates the whole organization and makes itself felt in every department.

Under the actual head of the enterprise is the general in direct and active command, the General Manager. Though he has, as a rule, a broad oversight of all the interests of the establishment, he gives his main attention to the merchandising end of affairs, leaving the hiring, discipline and discharge of employees to the General Superintendent. Each of these general officials has his immediate assistant, who acts for him in his absence and carries on certain lines of supervision all the time.

Next under the Assistant General Manager are the "department heads," or "buyers." These titles are synonymous, as the head of each department must do the buying for his "store." This, in fact, is his principal duty, and upon the skill and shrewdness with which he makes his purchases depends, in very large measure, the success of his department—for goods that are not properly bought can-

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not be profitably sold. A man may be never so good a salesman, but if he has stocked up with poor goods or has paid too much money for his stock, competition in this day is so sharp that he cannot overcome the inertia of bad buying and must sooner or later drop out of the race. Goods may, however, be so successfully bought that they will "sell themselves" the moment the public knows their price.

Ordinarily the buyer is supreme in his department. His position is that of a man who is conducting an individual store for an outside proprietor. Almost complete latitude is allowed him in which to exercise his own judgment. He is held accountable for results and for results only. If his department does not yield its proper proportion of the profits of the total establishment he must show good cause for this deficiency or make way for another man.

Each buyer has an assistant who is supposed to be capable of taking his chief's place in all particulars. Naturally, a buyer is often absent from the store. Many of them are required to make frequent trips to Europe and all must go about the country to a large extent. This leaves the assistant as a resident buyer and manager of the department. Under this assistant are "heads of stock," or those having charge of a particular stock of goods. Let

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the jewelry department be taken as an example of this subdivision. Here some of the main stocks are watches, rings and novelties. In each of these divisions are several clerks under the direct and personal supervision of the "head of stock," who, in addition to his oversight of the goods and the clerks, also waits upon customers. From the ranks of the heads of stock the assistant buyers are generally selected.

One of the few times when a buyer must consult the General Manager or the latter's assistant is when he believes it advisable to exceed his limit in the amount of goods to be bought for a season's trade. These limits are given the buyers before they start out to get goods for their spring and fall trade. Before the General Manager sets his stakes for the various departments he strives to take into consideration every condition having a possible bearing upon the trade of the particular department under discussion. First of all he strives to get a broad view of national financial conditions; then he attempts to analyze local financial prospects, the tightness or looseness of the money market, the prosperity of the farming community, and every other element that affects the monetary situation in a big way. Next he must be quick to anticipate changes and whims in fashion and public taste. He must study fads with seriousness.

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After the General Manager has weighed all these things he says to each buyer: "You may spend so many dollars for your department this season." Often, later in the season, a department manager finds an unexpected demand for his line of goods, or he believes that a wave of public favor is sweeping in his direction, and that, if he is prepared for it, he may get the start of some less discerning competitor. To do this, however, incurs risk and the expenditure of more money than his limit stipulated. Then he must go to the General Manager and plead his case.

According to general practice each buyer holds a fortnightly conference with the General Manager and outlines the needs of his department for the next two weeks, besides placing before his superior all the information necessary to give the latter a clear, concise and comprehensive grasp of its condition on every score. Some of these monster retail establishments hold a regular monthly council of department heads. On these occasions the General Manager presides and brings up for discussion all topics of broad interest. If one manager believes that his particular department is not having a fair show, he is permitted to debate his position in open meeting. These councils are attended by from twenty-five to fifty men.

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It is not to be understood, however, that the General Manager must wait for the regular fortnightly or monthly report of his department chiefs to know precisely where he stands. Every buyer keeps a set of books and must be able to indicate, at any time, exactly the condition of affairs in his charge. This means that his written report shall show how many goods in each separate stock he had at the beginning of the month, how many have been sold therefrom, what has been the gross profit on them, what goods have been bought and what received, the amount of his unpaid bills and the extent of his salary list. He must also be able to specify, at a moment's notice, the goods in each section or subdivision of a stock. In short, the General Manager is able, any day, to secure a bird's-eye view of the status of his entire establishment. From this it is not to be inferred that the General Manager or his assistant is content to learn the condition of his concern solely by figures or information on paper. He has not a more important duty than to know that the goods in the house are right and that they are handled at the right prices. When other matters are not imperatively demanding his attention he is going about from department to department looking after the quality and prices of goods.

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Every buyer presents an individual problem to the General Manager and his assistant. Some are daring and have a tendency to indulge in fads or hobbies, while others are inclined to keep in a beaten rut. Though recklessness is never a safe business element, ultra-conservatism is distinctly out of place in a department store, which is nothing if not dashing in its methods. A venturesome department manager can be curbed and trained to keep within reasonable bounds, but the timid and conventional buyer cannot be supplied with push and original and progressive ideas.

One buyer had an almost abnormal liking for veilings. They seemed to fascinate him, and he took a keen personal delight in pushing this particular stock. In a single invoice he bought twenty-five cases of these goods—about 5,000 pieces—and then started in to dispose of them. Although the General Manager recognized that this was a “hobby” he kept his own council and prepared to judge the buyer by results only. A little shop was installed on a workroom floor and a force of girls put to the task of decorating the veils with chenille dots. Then came a big bargain sale of veilings—with the result that the stock was quickly disposed of at a high percentage of profit. Not all hobbies prove to be winning ventures, but in the main it

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may be said that the special enthusiasm which leads a department manager to buy heavily in one line of goods enables him to push that line with the extra energy and resourcefulness which bring satisfactory results. It should also be remembered that because a certain stock of goods is "normal" at \$50,000 this year it will not be high next year at \$80,000. Take the matter of furs as an example. Here is a variable quantity governed almost wholly by the whims of fashion. Laces, also, may be worn almost universally one year, and the next be in comparatively slight demand.

Thus far I have spoken only of the manner in which the General Manager keeps himself informed regarding the purchase and sale of goods. The intermediate step, how they are received and installed, is not without interest. All bills are sent to the office of the chief executive, where they are stamped with a blank form. Then they go to the basement receiving-room where the goods are opened by porters. In the blank stamped on the bill the receiving clerk enters the quantity, and the number of the "store" to which the goods belong, and signs his name, also marking on the goods the quantity and the cost price. Next the buyer is summoned and he makes a careful inspection to see that the price is according to agreement and

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that the quality is "up to sample." He enters in the blank the terms regulating the payment of the bill and signs his name. The goods then go to the counters of the department or to its reserve stock on a storage floor.

All the bills thus checked up in the receiving-room in a day are placed on an office file and sent to the desk of the General Manager or his assistant. After the "O K" of one of the chief officials of the merchandising department has been placed on all the invoices they are sent to the "department office," where they are charged to the various "stores" according to their respective numbers. Next the bills are passed to the office of the head bookkeeper, who credits the selling firms with the amounts. Upon the treasurer's department falls the responsibility of seeing that these bills are paid at such time as will secure the greatest advantage in the matter of discounts.

No detail of department management calls for more careful watching than does the want record. Each counter is furnished with a tab of want slips, and all clerks are under strict instructions to fill out one of these blanks for each article that is called for and not found in stock. Also they are required similarly to note the approaching depletion of the stock of any article regularly carried. Incessantly

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the lesson is enforced and reiterated: Have what the people want, and have it when they want it.

It is not good business judgment to accept the evidence of the "want report" without question or careful analysis. The buyer and the General Manager must always keep close watch for the signs of a forced and fictitious demand instigated by jobbers and manufacturers who think they are laying the foundation for a good order from the house. In the earlier days of the department store there was a far more general attempt to operate the scheme of fictitious calls for new lines of goods than at present.

"Have you the X—— corset?" asks the subsidized shopper, with a manner which implies that the question is in the nature of a mere formality. She is moderately surprised when told what she already knows—that they are not in stock. If the woman is a skillful "missionary" she only drops a word or two in explanation of her preference for that particular make and says she will look elsewhere. This call is repeated by others until, perhaps, the buyer becomes convinced there is a legitimate but limited demand for the article. Then he places a test order, being careful to make the quantity neither too large nor too small. In the former event, provided the demand were fictitious, the man-

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ager would be satisfied with his success and there would be no further call. If, on the other hand, the quantity ordered were very small it would be an easy matter for the manufacturer to send out quite a force of missionaries and buy all the goods of his make in the store, feeling sure of recouping himself by a large order as a result of so brisk a trade.

So high a state of development has been reached by the modern department store that the addition of new departments is mainly a matter of space. On the other hand, however, the progressive proprietor is always keenly alert to keep pace with public demand.

Some departments, however, are introduced merely for the accommodation of patrons and not because they yield any direct profits. The baby nursery is an excellent example. "Where can I leave my baby while doing my shopping?" was a question which was put to floor-walkers, clerks and the matron of the waiting-room so continuously that the necessity of a provision for the temporary care of infants was impressed upon the management. Now nearly every large department store has a baby-room in charge of a competent nurse. This cosy apartment is generally an annex to the ladies' waiting-room, and is furnished with cribs,

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cradles and rocking-chairs, and with a tempting stock of toys. In some establishments the nursery is so elaborate as to reach the proportions of a kindergarten school. Experience, however, has taught the undesirability of making the entertainment too attractive. In at least one large Chicago house it was found that some mothers did not hesitate to make the playroom accommodations the means of giving them a half holiday without the expense of providing nursemaids for their children. This experiment led to the discontinuance of the playroom and the substitution of a baby nursery of the simplest kind. The liability of having little foundlings permanently left in their charge has caused the managers of department stores to provide for the exercise of great caution on the part of nurses in charge of baby-rooms. As a rule, infants under six months of age are not received except in instances where the mothers are known to be regular customers of the establishment. Under all circumstances the mother leaving a child in charge of a nurse is required to give her name, and generally her home address, and to state the departments in which she expects to do her trading. Some stores follow the practice of requiring a mother whose child has been left with the nurse to report to the baby-room within one hour, and

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in case of a failure to do this she is summoned by an attendant.

Some department stores keep a house physician for the treatment of employees and patrons who may require his service in case of emergency. His office is equipped with appointments for the proper care of those who are suddenly overtaken by illness.

With regard to the future development of new departments it should be said that the general tendency appears to be to discourage the invasion of the professional field. Only one Chicago department store has a dental office or a savings bank, for example, and these are both independent institutions admitted on a percentage basis. Few department stores, it should also be observed, deal in spirituous liquors, even those for table use.

A General Manager made this comment on the scope of department store traffic:

"I am told that a big department store in London will accept an order for a live elephant, and will take charge of a funeral, furnishing all the necessary appointments, from coffin to carriages and gloves. This is going altogether beyond the limits of the traffic in America, and in my opinion passes the bounds of good business judgment. We furnish our patrons with an opportunity to deposit their

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savings, to have their photographs taken, and to receive the services of a physician in case of an emergency; but we draw the line at elephants and funerals!"

In a vast establishment employing thousands of workers who are necessarily governed by a rigid and exacting system there would seem to be little opportunity for the display of the humanities of life, and yet in this particular the stranger is likely to meet a pleasant surprise. Comparatively few persons would expect to find a well-conducted schoolroom in the heart of one of these great commercial hives, yet if there is a large department store in this country which does not regularly maintain, at its own expense, a school for the instruction of its younger employees, it is certainly behind its competitors, for the practice is general. The scope of these schools, and the lines upon which they are conducted, are somewhat varied, but all give instruction in the elementary branches taught in the common schools. These studies include arithmetic, spelling, geography, grammar or language, and even one or two more advanced branches. In one Chicago department store instruction is given only to cash girls and "wrappers," not to clerks. Of these there are three hundred in the employ of the house, and they are divided into classes of from

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eighty to one hundred. Each class is given instruction for one month, and from eight to ten o'clock in the morning. At the end of the month another class is installed, and so on until the round has been made of all who are eligible to admission. Then the first class comes in for its second term and the circuit is again made.

Another store does not exclude clerks from its classroom and does not draw the limit at any particular age, but admits all of its employees who feel themselves deficient in school training and wish to make up their lack in this direction. The sessions of this school are from half-past eight in the morning until eleven, and its enrollment seldom falls below two hundred. It is estimated that all the employees of this institution who come within its school classification average three months' instruction in the course of a year.

There is no attempt on the part of the management of department stores to give the impression that these schools are philanthropic enterprises. On the other hand, it is frankly confessed that they are maintained for the selfish purpose of increasing the service-value of their employees and that they undeniably yield a profit to the establishments by which they are supported. A cardinal duty of the school-teacher is to obtain a fair knowledge of the

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mental capacity and personal traits of each pupil and to make these observations a matter of record. In fact, the schoolmistress is regarded as one of the chief aids of the superintendent, who relies upon her for an intimate knowledge of the younger employees, from among whom he must eventually select those to be promoted to more responsible positions. Then, too, the teacher of the department store school is relied upon to weed out the stupid and the dull who, after patient instruction and attention, fail to show promise of developing into reasonably bright workers. Many of the children who are received into the big department store would remain almost wholly devoid of school training were it not for the classroom of the establishment.

Though the "bargain sale" is by no means exclusively a department store institution, these great cosmopolitan retail establishments have pushed this means of trade-getting to so high a state of development that it is inseparably associated with them in the public thought. The process of preparing for a bargain sale is one of the most interesting which takes place in the department store, and illustrates, perhaps better than anything else, the remarkable system and precision with which the affairs of these mammoth enterprises are conducted. The chief of

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the advertising department is necessarily in close and constant touch with the merchandising executive of the house, and ranks as one of the principal aides on the latter's staff. He is, too, a man of large individual authority, and upon his energy and judgment depends, in large measure, the success of the establishment so far as the volume of its sales is concerned.

Monday is bargain day throughout the entire country. So, for that matter, is Friday, but the popularity of the Sunday newspaper in the United States has placed the emphasis upon Monday.

Not later than Thursday morning the advertising chief visits the various departments of the store and holds careful consultation with the men in charge of them. Each department chief is consulted individually. The advertising manager carefully considers the list of goods recommended by the head of the department, and together they select for the bargain sale the articles of first rank in "drawing" power. Seasonableness, novelty, unusually low cost, overstock and various other elements enter into the calculation by which they make their choice of the special lines to be offered at bargain-sale prices. These selections are entered on a blank, the columns of which bear the headings "Cost," "Present Selling Price," "Advertised Price," "Remarks."

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By the time the advertising manager has completed the circuit of the departments he has a large collection of these blanks, from which he prepares "copy" for the big page or double-page advertisement to be inserted in the Sunday newspapers. After making a rough draft of the wording of the "display" for each individual department he groups these sections on a blank diagram the size of an ordinary newspaper page. Into the spaces of this diagram he stamps a rough impression from the various cuts with which the advertisement is to be illustrated. One of these diagrams, and the electro-types of all the cuts to be used, are sent to each newspaper used as a medium by the house. In the composing-room of the newspaper the "copy" is set up in galley form and a proof is immediately returned to the advertising manager of the department store, who carefully revises it and returns it to the newspaper. There, all the various department advertisements are assembled into page form according to the arrangement of the diagram. A page proof is sent to the advertising manager not later than Friday afternoon and, if correct, receives his final "O K."

In all cases a sufficient number of duplicate proofs must be submitted to permit the advertising chief to send one to each department represented in the

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advertisement. These proofs are distributed not later than Saturday morning, and the head of each department immediately calls the floor-walker, who is charged with the duty of seeing that correct signs and price tickets in proper quantity are furnished by the "sign-writing" shop, and that the clerks, porters, inspectors and other employees receive the orders which will place the advertised goods on the counters, properly displayed, and ready for the Monday morning rush.

No corner in the big department store is more interesting than the "sign shop," and the number of placards turned out by a skilled workman in this department is almost incredible, considering the fact that the lettering must be done in an artistic and attractive manner. Of ordinary price tickets a good writer can produce five hundred in a day. The signs put out by a department store vary in size from the tiny price ticket to the huge banner measuring fifteen by sixty feet.

Most department stores have a general "sign inspector," whose duty it is to see that all placards are properly placed, and that they contain only accurate and appropriate statements. An ordinary bargain sale calls for the writing of about five thousand signs, but a complete change of all the placards in a large establishment of this kind would necessi-

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tate the lettering of not less than 25,000 tickets, signs and banners of all descriptions. Clerks and department heads are required to keep a record of every advertised article sold, and at the end of each bargain day a report covering all these items, their cost and selling price, is sent from each department to the advertising manager so that he may have accurate knowledge of the effect produced by his advertisements.

A most effective and novel line of advertising which has been developed to a remarkable degree by the department store is that of elaborate window displays. The modern show window of the metropolitan department store has become one of the great "sights" of the city, as distinctly a part of the public entertainment as the theater or the art gallery. So elaborate and ambitious have these window displays become that one large department store makes an annual appropriation of \$50,000 for the maintenance of its show window department. It is by no means unusual for a department store to expend \$500 in the decoration of a window, and one display which was viewed by thousands of people during the holiday season required an expenditure of \$3,500. This represented a department store peopled with moving dolls. The counters were stocked with miniature goods of every

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description, the elevators were in constant operation, receiving and discharging passengers, and cash girls and customers moved about with all the animation of bargain-day life. Another store had an elaborate representation of a scene in Holland, the production of which cost \$4,000. As a rule, the ordinary display window "runs" for a week only, but the costly and elaborate holiday displays are in place for about six weeks.

The modeling of manikins is practically the only feature of show window work which is not done in the shop of the department store, which employs for this department a force of expert carpenters, painters and decorators, general "trimmers," and an electrician of high ability and possessed of unusual inventive talent. When it is remembered that a large department store has from fifty to eighty display windows, each of which must be frequently dressed, it will be seen that the window squad does not lack for employment.

Before the question of advertising is dismissed let me repeat the words of one general manager of a department store who declared, "The best possible advertisement is a satisfied customer." This, of course, holds good in every line of merchandising, but it must be recognized by the progressive department store manager who would elevate his

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enterprise to the same standing for reliability and fair dealing that is enjoyed by the conservative old-line merchant who handles a more exclusive line of goods, and feels that he has a personal reputation to make and maintain in connection with his store.

On the score of competition it should be observed that each department store keeps careful watch upon the movements of its competitors. This is done in a systematic manner in which practically every feature of the trade is considered. Each store, for example, keeps as careful a record of the advertisements of its competitors as it does of its own bargain sales, tabulating the articles and their prices, and comparing the latter with its own ordinary selling terms and its bargain sale prices. It is also a general practice for the progressive department store to maintain in its service a corps of "confidential shoppers." These persons are little seen in the stores with which they have a confidential connection, but are regular visitors at the counters of competitors, where they observe what lines of goods are being most eagerly pushed, and also make note of the quality and volume of special lines of merchandise, as well as of all other matters which they believe may be of moment to the house by which they are employed.

A few years ago the complaint department of the department store was an unfailing source of enter-

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tainment to those in position to observe its affairs. As an indication of the extent to which thorough system has reduced the volume of complaints it may be said that in one department store, which ten years ago had a complaint staff of five persons, one man now attends to all the complaints, and is not overburdened with work at that. The most fruitful source of complaints is the misplacement of delivery tags. A woman, for instance, buys a wash boiler, alongside of which is standing a wringer. Through the carelessness of the clerk the tag is attached to the wringer instead of the boiler, and the mistake is not discovered until a delivery of the article is attempted. Then the error comes to the complaint desk.

The general tendency of department store management seems to be in the direction of a very liberal policy regarding the exchange of articles. This is dictated by the consideration which I have already named: that the best advertisement is a satisfied customer. But, no matter how liberally this policy may be pursued, there are some persons who interpret it with a breadth and freedom that surprises even the chief of the exchange desk, who is well trained in the foibles of human nature.

Constant vigilance must be exercised on the part of clerks, floor-walkers and house detectives to pro-

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tect the department store and its patrons from swindlers, shoplifters, pickpockets and sneak thieves. The house detectives of these large retail establishments are required to pay regular visits, each morning, to the principal police stations in order to look over the arrests which have been made during the previous day and night, to study the photographs added to the rogues' gallery, and to acquire all other information of a character that may assist them in identifying professional thieves, whether shoplifters or pickpockets. Through this precaution many professional rogues are "spotted" before they have time to ply their craft inside the establishment. On the other hand, many daring enterprises in the line of shoplifting are attempted, and not a few of them are successfully executed. Female shoplifters of the professional kind generally have cloaks, capes and dress skirts fitted with capacious inside pockets into which goods may easily be slipped. Sometimes attempts are made to carry away very cumbersome and bulky articles. In one instance three women undertook to steal a handsome dinner set consisting of one hundred pieces. They began early in the morning and worked at their task until they had made away with about forty plates, of varying sizes, when they were apprehended and the pieces taken from them. Many adepts in this profession are

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excellent actors and make possible the success of their accomplices by feigning a swoon or sudden and violent illness. In the excitement of such a scene as this their accomplices are generally able to make a rich haul and escape. Some of the experts in this line of acting go so far as to secrete small particles of soap in their mouths, in order that when they fall in a spasm their lips may appear to be covered with froth. Tricks of this kind, however, were much more successfully worked when the aisles of the department stores were much narrower than at present. Now the wide passages make the snatching of goods much more difficult than formerly. Again, the presence of policemen in uniform has a tendency to discourage the more timid operators in this nefarious craft.

There is comparatively little opportunity to victimize the department store by swindling. This is sometimes accomplished, however, by means of forged signatures on orders for goods. Perhaps the cleverest swindling game recently detected was the following: A woman purchased a cloak at a department store and ordered it delivered at a railway station at a certain hour. As the messenger bearing the parcel entered the station the accomplice of the purchaser met him with extended hand and the exclamation: "Oh, here you are with my

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parcel from X——'s store! I was afraid you wouldn't get here in time, but I can just catch my train."

The package was hurriedly taken from the hand of the messenger boy and a dime thrust into his palm. The following day the original purchaser appeared at the department store and said, "What was the reason that you did not deliver my cloak at the station as you agreed?" Of course, investigation showed that it had been delivered. The messenger boy was summoned and confessed that the person to whom he had handed the parcel was not the one confronting him with the purchase ticket. The only course open to the management, in the absence of absolute proof of the fraud, was that of returning the purchase money, thereby letting the plotters have the cloak and the money which had been paid for it.

Next to the swindler and the shoplifter the "false shopper" is probably most dreaded and disliked by the department store management. This individual is generally a woman, accompanied by a friend in whose eyes she is anxious to make a favorable showing in the way of demonstrating her personal prosperity and ability to buy goods. After obtaining a transfer ticket this woman, accompanied by her friend, makes the round of the departments and

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buys liberally. Then she excuses herself for a moment on the plea that she must go to the transfer desk and settle for her purchases. This, however, is precisely what she does not do, but, on the other hand, destroys her ticket, rejoins her friend and goes home, leaving her purchases uncalled for. The latter have become actual sales and are so entered, thus involving the labor and annoyance of being carefully traced and credited back to the several departments from which they originally came.

Before leaving the subject of the department store in general one of the most important questions to be raised is: What opportunities does the department store offer for young men?

This may be better answered by example than by speculative argument. The general manager of one of the largest stores of this kind in existence started as a cash boy and sweeper. Then he was made a salesman and served a turn behind nearly every counter in the establishment. Next he was placed in charge of several departments and was initiated into the mysteries of buying goods. Then he became one of the proprietor's personal lieutenants. Finally he was promoted to his present position, in which he commands a salary of imposing proportions although he is still a young man.

His chief assistant began by opening cases of

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goods in the receiving department. There he learned to check bills. Next he was assigned to salesman's duty. From the counter he was sent to the accounting department, where he was promoted to the charge of the "department office." Next he advanced to the position of general bookkeeper, then to the important executive station of advertising manager. His next promotion made him assistant superintendent, and as such he did a large portion of the work of employing help. Then he became assistant manager.

It is apparently the policy of the department store to follow civil-service lines and recruit its executive staff from the ranks of those employees who have won promotion from the humblest places. The young man with energy and executive talent has unquestionably as good an opportunity to win rapid promotion to places of large influence and high salary in the department store as in any other form of mercantile enterprise. And the fact that these establishments are generally conducted on a very large scale and are big profit winners is a guarantee that the places at the top are worth the getting, and command salaries ample to satisfy any reasonable ambition.

THE EXTENSION OF CREDIT

CHAPTER IX

THE QUALIFICATIONS OF A GOOD CREDIT MAN

THE credit department is generally the field most attractive to the young man who is ambitious to make a figure in mercantile life. Here is the arena in which a talent for financiering may be displayed every work-day of the week, and the employee may earn a year's salary by a clever turn or the prompt exercise of judgment and firmness. What wonder, then, that the young man who feels himself equipped by nature and tastes for the exploits of commercial finance—for the thinking and planning part of mercantile life—longs to test his mettle at the credit desk.

There every transaction has its beginning and its end, its initial sanction and its formal termination. To the credit man and his assistants come the merchants of other cities—men of recognized power and influence in their community—and stand before them to be judged as to their integrity, their business capacity, their energy, their financial soundness and resources, and their character in general.

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No judge on the bench faces so difficult a problem as that which confronts the credit man. If the latter fails to be absolutely judicial in his decision his hopes of success must be small indeed. On the other hand, he is not so protected from personal influence as is the judge. The customer makes his own appeal for credit or its extension, and leans on the desk of the credit man, looking the latter full in the eye as he does so. Perhaps this customer is known to be a personal friend of the proprietor, and the credit man is in honor bound to conceal the reasons leading to the denial of the request. This makes refusal very hard to give, but there is only one safe road for the credit man to follow in all instances: he must be more judicial, if possible, than the righteous judge, and take nothing save his own best judgment into account.

More than this, he must be quick to catch at straws of circumstance and read their significance. This can best be from a personal experience. A man who had a large line of credit with us and was considered the "big man" in the mercantile circle of his own city, came to request the extension of a note. Just previous to his appearance at my desk I had been in his city and took occasion to get shaved in the barber shop underneath his store. Incidentally, I chanced to make a passing reference

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to the place above us, and the barber shook his head and remarked:

"They're not throwing the goods down on the counter the way they used to. The captain of the ship seems to be pushing the Sunday school convention business more than the dry goods trade. He's away a good deal, and leaves things to his clerks considerable."

Although I was comparatively new to the credit desk, and was acting in the place of the credit chief, who was in Europe, I declined to extend the note. My customer was greatly astonished at this development, and reminded me that if the regular credit chief were there the favor would be instantly granted. I knew this was altogether probable; but I believed the man had reached a period of financial unsoundness, and my duty was clear. There was nothing for me to do but quietly insist on a settlement. This I secured. Shortly afterward the man failed, owing a competitor of our establishment \$10,000. I had caught the right straw and saved the house thousands of dollars by standing firmly to my conviction.

Hundreds of parallel instances have come within my experience, and all emphasize the point that the credit man must be as judicial as Justice, as firm as a rock, and sensitive to the thousand straws of cir-

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cumstance which show the drift of financial current. These requirements may appear very exacting and almost impossible. Certainly the number of men who embody this combination of qualities is not large. On the other hand, the young man with genius or even talent for credits has before him a career rich in possibilities and rewards.

A man may write credits for half a lifetime and not be a credit man. It sounds trite to say that the real credit man is born, not made; but this phrase seems to apply with greater fitness and truth to this member of the executive staff of the modern wholesale establishment than to any other of its departmental heads. Why this is so will easily be seen by a little examination into the qualifications which afford the best equipment for the peculiar responsibilities of the credit desk.

Most important of all, he must be a temperate man—and I use the word in its broadest, its dispositional sense. He must not only maintain the appearance of a calm and equable temperament, but this must be in fact his mental attitude and condition. For a credit man to become excited would be as incongruous and unpardonable as for a judge on the bench to give place to a display of passion or temper. His every act should be judicial, analytical and far removed from passion or prejudice. Then

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he must be gifted with a talent for affairs—a “nose for business,” as the good editor or reporter has a “nose for news.” This quality is more intuitive than logical in its operation, and may well be classed as a gift of Nature rather than one of the ordinary faculties of reason.

Now, as to the artificial acquirements, the study, training and experience which give the man who is about to take up the duties of the credit desk the best possible preparation for the exacting demands of the position: I am profoundly convinced that the credit man who has not lived on a farm or in a country village must always be at a distinct disadvantage in his work. No amount of native shrewdness can make up for the lack of an intimate, first-hand knowledge of all the conditions which affect the prosperity of the farmer and the rural community. The ideal basis of experience upon which to build a good credit man is a boyhood on a farm, a few years in the typical “general store” of the average village, a period of service in the country bank and a thorough drill in the cashier’s department of the wholesale house. The young man who comes to the credit desk with this kind of experience behind him has the best schooling for the place that he could possibly possess.

Why place so much stress on this country train-

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ing? Why insist that no credit man who has not lived on a farm may reasonably hope to come up to the full stature of the ideal credit man? Generally speaking, each customer of the wholesale dealer is his distributing agent in the center of a circle of farmers. The latter may be spoken of as the final customers, for all trade must, sooner or later, get back to them for a basis—and this step is ordinarily shorter and more direct than is commonly supposed. Whatever affects the farmer affects the retail merchant and makes his prosperity or his adversity, and the credit man's task is simply that of accurately forecasting the financial condition of the country merchant. If the retail tradesman is dependent for his prosperity upon that of the farmer, it is plain to see that a knowledge of all that makes good or bad times for the farmer is the elemental thing in the calculations of the credit man. If he knows the climatic conditions which have prevailed in certain localities during the crop-growing season he does not need to have his customer come to the city to tell him how trade and collections have been. No matter how bright, shrewd and sound may be the country merchant, he cannot prosper without trade and its harvest of collected profits, and when the weather in any locality has been against the farmers the credit man knows that he must watch

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the account of the merchant from that locality a little more carefully than he would if the farmers there were enjoying the best of conditions.

If he can form a first-hand judgment of the "prospects" of any customer, uncolored by the views or arguments of the latter, he is able to determine how much credit to extend to the country merchant, how large a stock of goods the tradesman should carry, when to be lenient with him and when not. Here is a case in point: A country merchant, apparently above the average in prosperity, came to me and asked for a large credit. No sooner did he name the town from which he came than I had a fair idea of the possible extent of his trade under the most advantageous circumstances, for I knew the population of the town, the extent of farming territory from which he might hope to draw trade, and the general productiveness of the locality. Then came a few casual inquiries about the kind of weather that had prevailed in his region, and I had a survey of his business situation and prospects which was far more comprehensive and exact than he suspected. The line of credit which he wished to establish was large enough for a merchant leading the trade in a community five times the size of that in which he was located. Consequently, instead of receiving the liberal credit for which he asked, he

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was given a limit of \$1,000. Of course, he did not like this, and at the time my decision might have seemed a little arbitrary, as I had no reason to believe he was not an honest man. But I knew he did not need to buy the big stock of goods he wished to start out with, as the possible volume of trade at his command would not warrant so heavy an investment. An Eastern jobbing house, however, did not take this view of the country merchant's situation, and trusted him to the extent of more than \$50,000. Very likely the credit man of that establishment had never done any actual farming and had not served an apprenticeship in a country store or bank. Certainly he demonstrated that he was utterly unable to form any idea of the trade capacity of a farming community. The merchant who had thus secured from the Eastern house an enormous quantity of goods disposed of the major part of them by the most expeditious methods possible and then made his escape to Canada with the proceeds.

Though agriculture is the basis of business in this country, and though I think it of greater advantage to the young credit man to understand by experience the life of a farming district rather than of any other kind of industrial community, I do not wish to place an absurd or exaggerated value on this point of rural experience. Rather let the emphasis

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rest on this statement: Get a clear and intelligent idea of the environments of each customer, whether he lives in a dairy, a mining, a lumbering, a stock-raising or a manufacturing community. This will enable you to form an independent and unprejudiced idea of the situation.

Next in the list of acquirements which the young credit man must have to make him successful is a good, practical familiarity with accounts and a sound knowledge of commercial law. The first he may obtain at the bookkeeping desk of the country store, in the village bank or, perhaps, in the commercial school. Though I hold that actual experience is the best school for an accountant, I am not prejudiced against the commercial school, for the reason that a certain amount of scientific or, if you please, theoretical knowledge is necessary in the making of a good accountant—one who is able to start a set of books or reorganize a set which has been incompetently handled. A man may post a set of accounts for thirty years, following blindly an established routine, without understanding the first principles of accounting. Therefore, a fair grounding in the theory of bookkeeping enforced by actual experience is by far the best training in this direction.

One line of preparation which no young credit

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man can afford to neglect is that of commercial law. The occasions on which this kind of information is most needed generally arise unexpectedly and suddenly. There is no opportunity for leisurely consultation of legal authorities. Action must be taken immediately. How may the young man ground himself in this branch of the credit business so that he will not, through ignorance or misunderstanding of the law, plunge his house into an expensive mistake? Attendance upon a course of lectures on the fundamentals of commercial law, delivered by a plain, practical, common-sense lawyer, is probably the most convenient way in which to get a good grounding in this branch of legal knowledge. This is easily to be had in any well-equipped law or business college. If this means of information is not available, and if he does not already know an able and experienced commercial lawyer, let him make the acquaintance of such an attorney, and cultivate the acquaintance into a friendship so intimate that the professional man will gladly answer his questions by the hour.

Of course the young credit man may put in his evenings reading commercial law, if he has the application and energy to do this in a systematic way, but the individual so gifted is rare. He will start into the reading with colors flying, but will

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drop out of the dreary pursuit as soon as its "deadly monotony" is fully realized. By far the better way is to absorb the legal knowledge from a lawyer who is gifted with sound common-sense and has had experience in commercial litigation.

Whenever some problem in commercial law is suggested by the experiences of the day, let this be carefully considered and finally proposed to the lawyer. To be sure that none of these problems is forgotten, keep a written memorandum of each hypothetical case, making its statement clear and exact. It will be well for the young man to record his own unaided conclusions in each case before submitting the problem to his counselor. This practice will tend to show the soundness of his individual judgment in matters of commercial law, and also will impress the whole bearings of the case upon his recollection. Of course the epitome of the lawyer's decision should be placed on record. Almost unconsciously he will be continually alert to see to what extent the conclusions of his friendly legal adviser are verified in the stern test of actual experience. Until the future credit man is actually a part of the credit department he cannot put in his best efforts at learning the wisdom of the credit desk. His first year or two of active service in the department of credits must "make or break" his

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future record in the greater number of instances. This must be the time of his hard training, of his seasoning, when his theories are demonstrated under the severe pressure of responsibility. Then it is that the general knowledge of accounts and of commercial law, which he has picked up in the cashier's department and previously in the country bank or store, is applied under the stress of the hurry and push which is as much a feature of the modern counting-room as of the salesroom or factory. In some sudden exigency the advice of his lawyer friend flashes into his mind. Instantly he concludes, "That man was right!" and his line of action is quickly determined.

Letter-writing is a branch of credit work to which altogether too little attention is paid. No matter how shrewd a judge of character any credit man may be, he labors under a serious and dangerous handicap unless he becomes an adroit letter-writer. When it is remembered that, as a general thing, the credit man must be regarded as the monitor of the establishment, and that the merchant who never has occasion to exchange a letter with him or to call at his desk is most to be congratulated, it will be seen that the relationship is a peculiarly sensitive one. As a rule, each letter written by the credit man means a favor granted or denied,

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a reminder of unfulfilled obligations or a rebuke administered. The letters from the credit man which are not particularly welcome are considerably in excess of those which grant all that has been asked; therefore the situation resolves itself into a constant study of how so to word an unpleasant letter that it may be effective and still not give serious offense. Scores of credit men are able to exercise sound diplomacy in handling a delicate situation when face to face with the customer, who fail utterly when it comes to stating the situation on paper. In employing the agency of correspondence they lose their facility and accuracy of expression, and are either so concise that their correspondents think them cold and curt, or they are so profuse that the country merchant sees in the multiplicity of words a betrayal of indecision, of timidity or lack of directness, dignity and force. If a young man does not know how to write letters he may learn—and to this task he should apply himself with energy and patience, realizing that the importance of the result aimed at is an ample justification of severe and continued effort.

The art of saying no in a manner so gracious that the person who receives the denial does not feel aggrieved, and is inclined cheerfully to grant its justice, is nowhere so constantly in demand as at

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the credit desk. There the frequency of informing a customer that his request for an extension of time or for an increase of his credit must be denied depends only upon the size of the business. In a large house it is an hourly routine. Then the matter becomes even more sensitive when the house is compelled to call the customer's attention to the fact that he is crowding his limit, that he is behind in his payments, that, in one of a possible score of particulars, his relationship is not quite satisfactory. The tone of every letter should be pitched with nicety and in harmony with the credit man's knowledge of his customer's character and with the effect it is desired to produce.

Each epistle demands its own individual adjustment so that it may "wing" without killing the bird, for it must be remembered that the general object of the credit man's epistolary efforts is to hold the customers of the house in safe lines and to educate them into sounder business methods, so that he may rely upon them with greater certainty for prompt payments—and for larger payments, too. The credit man who writes his letters as if his function were to get the money due from a customer in such a manner that the latter could not, with self-respect, continue to trade with the house, is not entirely an unknown species, but he should be.

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There is a general impression that the credit man must be remarkably proficient as an accountant and as a mathematician—a “lightning calculator,” as it were. While he must have a good, firm grasp of the principles and practice of accounting, he will generally injure instead of help his chances by displaying the powers of a mathematical prodigy.

A gift for judging men is, of course, the basis of the credit man's equipment. Without this peculiar knack of insight he is certain to make shipwreck of his career, if he does not of his house. Sometimes the statement of a prospective customer and all the information obtained from other and presumably impartial and reliable sources go to indicate that the merchant is worth all the credit for which he asks. At the same time the man at the credit desk has a feeling—perhaps rather vague and indefinable—that the man is not what he claims and that his request for credit should be denied. This brings the young credit man face to face with a difficult and perplexing situation. The first time he confronts a condition of this kind he may well pause and ask which is the safer guide to follow, intuition or reason.

Speaking from individual experience I would say, act upon the intuition, for if the case were analyzed thoroughly it would be found that the

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intuition is but the impression gained from a kind of sub-conscious reasoning. I recall one time when I was confronted by a situation of the kind I have described. A man from one of the large towns in a Western farming state came and asked for a considerable credit. He stated that he had \$75,000 capital. This was a large amount for such a place. By a few questions, which he answered without hesitation and apparently without reserve, I gained the information that quite a large share of this fortune was lent in Chicago on collateral security and brought interest at the rate of three per cent to five per cent a month. He told how extensive a line of credit he was able to command from other houses, and also gave the name of the man who attended to his loan business in Chicago. The latter verified all the claims of our prospective customer, and when the latter's name was mentioned to the credit man of a neighboring house it drew out the remark, "We'll trust him for \$20,000." In the face of such corroboration and indorsement I said:

"You must pay cash before we ship you any goods whatever." Shortly afterward the papers contained sensational accounts of the sudden disappearance of this provincial "merchant prince." He

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sold his goods for less than their cost and made good his escape across the Canadian border.

As I have intimated, the natural road to the credit desk is by way of the cashier's department. There the young man handles the correspondence and quickly learns the names of customers and of their towns. What is still more important, he becomes familiar with their business characteristics and habits. If Smith, of Smithville, is inclined to remit a few days over time, and if Jones, of Jonesboro, is in the habit of overreaching the strict limits in taking his discount, the accountants in the cashier's office acquire this information in the routine discharge of their duties. This is not only valuable but necessary information to an assistant credit man.

There is little room for advice on the relationship of the young credit man with the head of the house, or with the dominant personality of the establishment, as the nature of this relationship must depend so largely upon the character of the man. If he is a broad, progressive, modern man of affairs he will simply define a general policy for the credit department and refuse to be consulted upon the details of its execution, save in cases of the utmost importance. The only way by which the young credit man may cultivate the confidence and esteem of such a man is to do his work so well that

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the results will speak his praises. It is equally certain that the only way in which to develop a credit man is to push him out on his resources, where he must act on his own judgment and act quickly. Any other line of treatment is certain to destroy the stamina and independence of the credit man, who must be the backbone of the house in the way of often sacrificing what seems to be a "bird in the hand"—the account of a promising customer—for the remote fear of future disaster. The credit man needs all the stamina he can develop, and the cultivation of this quality should be encouraged instead of hindered.

There is also another excellent reason why the credit man should be firmly established in the attitude of independent and responsible action, without feeling any necessity for consultation with his superior. The more solid and desirable the customer the more sensitive is he to anything which he may construe as a reflection upon his financial standing. Let us suppose that a merchant of this kind goes into a wholesale house where the credit man feels that he cannot take a single important step without consulting higher authority. He offers his statement and makes a showing which, he is proudly conscious, is above question or reproach and entitles him to instant welcome among the best

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patrons of the house. This is what he expects, and when the credit man asks to be excused for a moment and goes to the private office of the proprietor for consultation, the customer instantly interprets the hesitation to grant him the line of credit asked as a challenge to the record he has offered. Probably he recalls very distinctly that he did not have to wait in the office of the competing house while the credit man submitted his case to the proprietor, but that he received all he asked without question or delay.

The credit man who is not given the full authority of his position has not an enviable task. It will be doubly wearing and irksome if he has interference and timidity to deal with in the very quarter from which his support should come. The word support is used advisedly, for the credit man soon finds that he stands between the selling department and the vested interests of the house. Salesmen are anxious to sell, and often feel that a ruling of the credit man is too conservative, and works a direct hardship to them in cutting down their sales, driving away customers, and consequently curtailing their profits. On the other hand, he is forcibly reminded of the other side of his problem when a customer with a big credit line goes to the wall or to Canada, and thou-

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sands of dollars go with him. It is the delicate and difficult mission of the credit man to minimize this friction between the selling and the proprietary interests of the establishment, to hold all the good customers firmly in line, to coax or prod the lagging into step with the prompt ones, and to keep the worthless out of the ranks altogether.

CHAPTER X

DIFFICULTIES AND DANGERS OF CREDIT

THE first routine duty which the credit man discharges each morning, as soon as he reaches his desk, is that of looking at the business thermometer of the house. No other term so precisely describes the nature of the day's financial correspondence. By the time he has glanced at the stack of alternating letters and drafts with which his desk or basket is heaped he has as clear an idea of the "condition of the trade" as if he had made a tour of inspection and called upon a large number of representative customers. More than this, he looks through the glass of his correspondence and reads the character and the situation of each individual customer who has contributed a letter to that morning's mail.

Here is the terse, formal letter of the man of methodical habits who merely makes his letter the record of the draft with which it is accompanied; but the latter may be relied upon as being correct in amount and kind, and it is safe to take the

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absence of any complaint from this customer as a confession of his satisfaction with the manner in which the house has handled his business. Then there is the man who never sends a remittance without a complaint of some kind to keep it company. Here, also, is the man who has overstepped his discount time by a narrow margin, and thinks to make good this delay by apologies and arguments. The stories which these letters tell might be continued almost indefinitely, and in great variety; but the point is made if it is clear that the standing of the merchant is determined by the contents of these letters; and the real credit man reads "between the lines" as swiftly as he scans each sheet.

After the remittance letters are disposed of the maker of credit takes up the orders. There is something like a perpetual contest between these two classes of documents, and the complementary relationship between them must be held constantly in mind by the credit man as he scans them. With one hand, so to speak, he sends the remittances to the cashier, and with the other hand deals out the orders to the salesman. It is "nip and tuck" between them, as a remittance received by the same mail with the order may decide whether or not the goods called for in the latter will be sent.

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Whenever he encounters an order about which he feels the slightest doubt he holds it out for inquiry and consideration, and places his O K upon those which pass without challenge. Under ordinary circumstances, each doubtful order receives a quick impression from a rubber stamp, which reads as follows:

Owes \$———
Due \$———
Bot. \$———
H. C. \$———
H. P. ———

In this list H. C. stands for "highest credit," and H. P. abbreviates "how pays." Each order is taken by a boy to the ledger in which the customer's account is carried, and the information called for by the stamp is filled in. Let it be supposed that the entry comes back as follows:

Owes \$ 375
Due \$ 000
Bot. \$4,560
H. C. \$ 780
H. P. Promptly

This showing would be taken in at a glance, and

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an O K placed on the order, which would be hurried to the sales department. But suppose the boy returned from the ledger with this record :

Owes	\$4,500
Due	\$2,150
Bot.	\$5,500
H. C.	\$4,500
H. P.	Slow

Then the credit man would instruct the boy to bring him the "information" on that customer's account. The lad would go to a formidable record where would be found all the detailed information calculated to shed light upon the financial standing and character of the merchant in question. The bookkeeper also would be called upon to contribute to the testimony on which the fate of the order must be decided. This addition to the evidence would be a statement of the items represented by the \$2,150 already due.

A letter would then be dictated to the customer, calling his attention to the amount overdue, and also informing him of the credit man's decision on the shipment of the goods called for in the latest order. The tone of the letter should accurately express the attitude of the house to the customer,

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shading the degree of latitude of leniency allowed him, or dealing out censure and limitations according to the extent and gravity of the delinquencies.

A copy of the statement is handed to the assistant credit man with instructions to follow the matter up in five days, for instance. The assistant enters the customer's name in his diary five days ahead of date, and drops the statement into an index portfolio. In five days the name is met with on the diary page, and the statement taken from the portfolio. Then a new statement is procured from the bookkeeper, and the cashier is also consulted, as the morning's mail may have brought a remittance from the tardy customer. Action of some kind is then decided upon by the chief credit man, to whom the documents are passed. He will take such decisive steps as he believes the situation demands and his customer will tolerate. To know just the right and effective thing to do in ninety-nine of every one hundred of these cases is to be a credit man.

While these doubtful orders are being investigated and disposed of and correspondence of every kind attended to, the credit man is constantly interrupted by prospective customers who wish to open accounts and are anxious to get as liberal a line of credit as possible.

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Naturally, they dread this ordeal, for modern credit making methods have become so exact, scientific and searching that this preliminary examination is bound to bring to light, as a rule, any weakness in the business condition of the customer, and expose any flaws in his statement of the case. At the same time the credit man must occupy a diplomatic attitude; he must hold that every applicant for credit is a desirable customer until the contrary shall be established. And he must take good care, too, not to give offense to the candidate for credit while probing for any possible weakness in his financial condition. No matter how large or pressing the correspondence awaiting his attention, the credit man must hear all his caller has to say; he must be patient, courteous and resourceful, and, if he is wise, he will seek to prolong instead of curtail the interview.

Naturally, the customer feels that the meeting is an important one, and wishes time in which to present his case in the best possible light, and to give the credit man the most favorable idea of his affairs. If there is the slightest suspicion in his mind that his story is wearisome he feels that the importance of his business is not appreciated. Nothing is so well calculated to give the customer a satisfied and friendly feeling toward the house as

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the knowledge that the credit man has listened with apparent interest to every word he has wished to offer, and that his plea has been as full and fair as could be wished.

Then there is another side to this matter of giving the prospective customer all the time he wishes in which to place his affairs before the credit man. Many men, and particularly those not accustomed to the rush and snap of metropolitan business methods, are not able to tell the most important things they have to say until after a certain amount of preliminary conversation. They do not "strike their gait" at the start, and have to "warm up" gradually to the main business in hand. Often this is the result of embarrassment, and in other cases it is simply the result of being accustomed to doing business in a less precipitate way.

At any rate, the credit man frequently finds that the most valuable information he is able to get out of the country merchant who calls at his desk cannot be secured until the caller has become accustomed to his immediate surroundings and has talked of the crops in his locality, of his town, of his family and other topics which he is accustomed to discuss at home as a kind of formal introduction to the more serious business under consideration. After this personal ground has been covered, it is the

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fault of the credit man if he fails to gather a fair idea of his man and the latter's surroundings. Very likely some chance remark dropped by the merchant after he seems to have finished his plea and has fully gained his ease will be the one bit of information which will determine the result of the whole conference.

In this connection let me emphasize what may at first appear a trivial point. Learn where the man who seeks credit came from as well as where he is located at the moment. If he replies in general terms, naming only the state or general section of the country, persist until you know his former town. A disinclination on a customer's part to be explicit in answering a question of this kind is sometimes good ground for suspicion. Then, if he names as his "old home" a place with which you are personally familiar a pleasant bond of association is instantly established.

Once a Scandinavian came to my desk and asked credit. In the course of our talk I asked him where he came from, and he gave the name of a certain provincial town in Sweden. "Why," I exclaimed, "I spent one of the pleasantest winters of my life in that quaint old place!" This remark brought me closer to the man than years of casual business acquaintanceship could have done. He was delighted

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that I was familiar with the haunts of his boyhood.

Frequently the caller will mention a city in which the credit man has acquaintances—perhaps the local banker, a lawyer, or the station-agent—and there is a decided advantage in having the customer know that his town contains men with whom you are in touch. The value of this may be in putting the merchant on his “good behavior,” as it were, or in giving him the comfortable feeling that you stand in a little closer relationship to his town than to some others. All these details are more important than they might appear, and he is a wise credit man who does not neglect one of them. Any item of information which gives a clearer idea of the community in which a customer lives, of the physical characteristics of the locality, its crops, its industries, its resources of every kind, is worth remembering. Often, too, a merchant will drop a word about his family affairs which may have a direct and practical bearing on the standing which he should have with his wholesale house. If his wife or child is an invalid, if his son is wayward or profligate, or if his household is phenomenally large, it stands to reason that he is carrying a heavy burden of private expense, and this will naturally have a decided bearing on his business success. Although he may not have to cripple his business

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in order to keep up private expenses, the burden of this family care and anxiety may so prey upon his thought and energy as to sap his vitality and make him discouraged or, perhaps, indifferent to his business. Therefore, know your customer, know the town in which he is located, and know the community from which he originally came.

But to return to the routine of the credit desk after the caller has been interviewed and has taken his leave. The credit man's approval of an order does not ship the goods therein listed. If it did he would be saved a large volume of detail work. He must have the last as well as the first word on every separate transaction that each customer has with the house. Before him are placed stacks of shipping tickets, on each of which must be stamped his approval before the goods are released and actually shipped.

This is a wise and necessary precaution, as some vital change may have taken place in the affairs of the merchant since the approval of the order. Perhaps a salesman has telegraphed that he has picked up information on the road which leads him to believe the merchant is in a "shaky" condition, or that a rival house has become suspicious and may be expected to close up the retailer's store at any moment. Or the friendly banker or lawyer or

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station-agent in the merchant's town may have sent in a quiet tip to the effect that in some way or other the applicant's prosperity is threatened. Any one of a hundred contingencies may make it judicious to hold up the shipment until further developments are had. Consequently, the credit man scans each shipping ticket, asks himself if there is any reason why the goods should not leave the house, and if there is not he stamps his O K upon the ticket. If the house is a large one, the amount of this ticket work is heavy and burdensome. In one day I have personally examined and stamped seventeen hundred of these tickets in addition to doing all other routine duties of the desk.

Not a little of the credit man's time is required to answer the inquiries of his business neighbors and to send his messengers on similar errands. It should be understood, however, that it is not customary for competitors to exchange information. As a rule, this is done only between houses in different lines of trade. The wholesale shoe house and the dry goods establishment occupying the same territory have, broadly speaking, the same customers.

John Smith, from Tinton, Iowa, conducts a general store, we will say, and decides to open an account with a wholesale shoe house. The credit man

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of that establishment sends to the wholesale dry goods house around the corner, and asks the credit man there:

"Do you sell Smith, of Tinton?" The answer comes:

"Yes; he is good for a line of \$3,000."

An hour later the shoe house may be called upon to make a return of this courtesy. There is little temptation to furnish misleading information, as the houses are in different lines of trade, and their interests do not conflict. At the same time it is well for the young credit man not to rely too implicitly upon the advice of a neighbor. The degree of his reliance must depend upon the faith he has in the honesty and the shrewdness of the credit man whom he consults.

It is hardly a safe practice for two houses in the same line to attempt an exchange of information concerning credits. Were both to act in perfectly good faith it would be inevitable that disappointments and complications would sooner or later arise to shake this confidence and give the impression that there had been a deliberate violation of faith. Certainly the temptation would be strong so to manipulate information as to shift upon a competitor the burden of hazards, keeping the safe customers as exclusively as possible from the latter.

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One of the most common and disastrous causes of failure among credit men is a lack of thoroughness in so interviewing a prospective customer at the start as to sift his responsibility to almost a scientific certainty. This tendency arises from an unwillingness to give each individual case a requisite amount of time and attention. Too often the interview which decides the limit of a man's credit is hurried through. In credits, as in law, "possession is nine points." Once a man is given a certain length of credit, it cannot be reduced without danger of giving serious offense.

The credit man feels this peril and will go to great expenditure of time and patience in attempting to educate the customer up to good business methods rather than to contract his limit of credit. Hours are spent by the conscientious credit man in the attempt to coach his customers into safer and sounder practice. Here the advisory functions of the credit man come into play; and if he has himself lived on a farm and worked in a country store he has an immense advantage, for his words will be listened to and will carry weight with the customer because backed by practical experience.

However, a large amount of this work of training customers will be obviated by making the credit a sound and conservative one at the start. The

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credit man may get from his customer all the information requisite for a safe credit, and then fail to act judiciously through an inability to analyze the facts thus secured. This failure to go to the bottom of conditions and to see the weak point of very plausible situations is a common and an easy fault, and it often arises with reference to a customer who has long been an excellent and a trusted patron.

Only recently an instance of this nature arose in my own experience which may illustrate this point. At the close of 1898 I received from a certain customer a statement of his financial condition. This was of the regulation kind asked of all customers; it showed he had real estate valued at \$11,000, cash \$5,000 and \$2,500 worth of wool, and was free from debt. In other words he had a clear fortune of \$18,500. All the other features of his showing were excellent, and he was therefore given a liberal credit.

Only a few months ago he asked for an extension of time in which to pay bills due and amounting to a considerable figure. I was informed that he had the same real estate as when his account was opened. However, I determined to ask of him another full statement of his affairs. At this request he became seriously offended, raised the

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money due us, settled his account, and declined to furnish the statement other than to say he had a stock of goods worth \$20,000 which our salesman had reported in good condition. My answer was: "The fact mentioned in your letter makes us still more anxious for a complete statement, as it is evident you must owe for a large proportion of your stock."

Here was a very plausible showing, well calculated to tempt the unwary credit man in the habit of taking things for their face value without careful analysis. The fact that the man raised the money and paid his account simply proves that he was able to convince some other person of his financial soundness. The man's failure showed that my diagnosis was sound, and that I was not unduly conservative.

It might seem from what has already been said that the attitude of the credit man is naturally one of practical opposition to the salesman. The tendency is in that direction, but the salesman's side of the problem should never be lost sight of. I am inclined to believe that, as a general rule, the credit man has too little rather than too much fear of losing a good customer. Certainly a stiff, arbitrary and unyielding credit man can easily demoralize the selling department, and make the salesman feel that it is hardly worth his while to make special effort

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to get a new customer because of the likelihood that he will not pass muster at the credit desk. There is a reasonable conservatism in keeping with the spirit of progress and not opposed to taking a fair risk, and when this kind of moderation obtains in a credit department the salesmen are likely to understand its soundness and make little or no complaint. It is when the rulings of the credit man become exacting that it looks from the viewpoint of the salesman as if he were trying to keep away all customers instead of simply ruling out those that are not up to a fair standard of reliability. Then the salesmen are plunged into discouragement and charge their sorrows to the credit department.

Probably no young man takes a responsible credit position without asking himself: "By what kind of a scheme am I most likely to be victimized?" The most common method of beating the credit man is that of "working" several cities at the same time on the same basis of credit. Suppose the merchant in question to be located in a small town in the southern part of Illinois, near the Mississippi River. He comes to Chicago and says that he has decided to buy all his goods here because he can get better prices. His statement shows that he has \$4,000 in the local bank. As he only wishes for a credit of \$3,000 and a time limit of sixty days,

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the way seems very clear, particularly as the bank verifies his statement regarding the condition of his banking account. The credit is given and the customer repeats this operation in two or three other cities not too far distant from his town. Then he turns about and sells out the goods by sensational methods and flees with the money. Usually this is soon after he has started in business.

A remedy against this kind of a game is to keep close track of every customer. If he appears to be piling up a very heavy stock of goods, and resorts to "catch tricks" in order to sell a large line of goods in a short time, seeming to be indifferent to the matter of prices, it is well to tighten the lines about him and double the diligence with which he is watched. But here is where the faculty to judge of a man's honesty by his bearing and appearance come into play. With this intuition, backed by good ability as an interviewer and the power to analyze information after it is procured, the young credit man may reasonably hope to avoid any serious experiences with deliberate confidence men and rascals.

A credit well made is an account collected. Or, to vary the phrase, the necessity of making a forced collection implies a fault in fixing the credit in the first place. Of course every credit man, no matter

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how skillful, has more or less of these errors to revise, but he should always regard them as errors and deal with them accordingly, carefully analyzing all their conditions with a view to mastering the secret of his original misjudgment, learning his lessons from his mistakes so that he may prevent their future recurrence.

If he exercises a constant and sensitive scrutiny of the accounts of his house, keeps closely in touch with all the conditions which surround his customers and affect their business, he will generally be able to detect the symptoms of unsteadiness in the affairs of any of his patrons. Then is the time when his ability as a letter writer and a judge of human nature must be called into action. Each individual case will demand individual treatment, and the best results cannot be obtained through an effort to follow out arbitrary rules.

The attitude of the credit man should always be independent of the financial exigencies of his house. In other words, the customer should be treated with on the basis that when an account is due it should be paid, whether the house needs the money or not. That part of the problem should be always considered to be above discussion. The moment the money is due it belongs to the house and not to the customer, and any extension of time or qualifica-

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tion of the terms of payment should be held by the patron, as well as by the house, to be a special dispensation granted as a favor and not by obligation.

The manner in which a customer makes his payments settles his standing in the commercial world. If he does not think for himself, but depends upon the credit man to remind him that his account is due, he must expect to receive the undesirable classification, "slow." On the other hand, if he invariably takes action of his own accord, and a few days in advance of the last moment when his remittance is due, he is almost certain to retain his rating among the "prompt" patrons. And this need not be taken to infer that he must always settle his account in full and never ask an extension. Quite the contrary, he may more than once make such a request without incurring the likelihood of being dropped into the "slow" class. Country merchants are prone to forget that a partial payment, if made promptly, will often answer the same purpose as a full payment so far as keeping intact full confidence in his moral as well as financial responsibility. His prompt action in sending a portion of the amount due with a concise and straightforward explanation of the conditions which prevented him from remitting in full is likely to be accepted as

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proof of his good intentions and general "squareness."

Correspondence with customers who do not display this promptness is a delicate matter and must be handled with discrimination and judgment, the point always to be made, and impressed with more or less vigor upon the mind of the customer, being that a certain amount of money is due the house, and should either be paid or adjusted in a manner satisfactory to the credit man.

There is quite an extensive class of customers who are deservedly rated as "good," but who rely upon the house to do a certain amount of nudging. Many of this class even expect to be regularly drawn on, through the banks, meeting the drafts promptly. In cases of this kind, however, the credit man must take good care not to make the amount of any draft greater than his customer may reasonably be expected to meet. To gauge the size of the drafts and their frequency so as to meet the exigencies of every individual case is a nice task which calls for the exercise of sound judgment on the part of the credit man. One broad principle, however, may be laid down with regard to the handling of slow customers: If such a patron is known to be good and responsible keep him in the habit of making frequent payments, no matter how

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small these may be, provided, of course, they do not fall below the limit of reason.

Before leaving the question of correspondence and its relation to a sound credit, a word with regard to the mailing of remittances may be permitted. It is a rule of the house of Marshall Field & Company to send out all remittances so that each will be certain to reach its destination a trifle before the date on which will occur the most advantageous moment for the payment of the bill which the draft is to cover. In other words, the money for every obligation is always in the creditor's hands on the day when it will secure the most satisfactory discount. This means that the mail schedules, both foreign and domestic, are carefully scrutinized and constantly revised, so that it may be instantly known how long a time will be required for a letter to reach any city of America, Europe or other foreign land.

If this rule were commonly followed by country merchants, the burdens of the credit man would be reduced to a minimum, for the habit is general on the part of customers, who are of the best class, of *sending* remittances on the day when they are due, instead of allowing sufficient margin of time to permit the payments to reach their destination promptly at maturity. This frequently involves a

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dispute regarding discounts, and entails not a little annoyance to all parties concerned.

When, finally, a customer fails to respond to patient and skillful coaxing, crowding and manipulating by correspondence, the next step taken by the credit man is generally that of sending a trusted lieutenant to the town in which the customer is located, for the purpose of carefully looking the ground over. This is decidedly an important mission, and always affords opportunity for the young credit man holding a subordinate position in the department to win his spurs. Before taking his departure he will thoroughly digest all the records which may throw light upon the relationship between the customer and the house. His researches will begin with the statement and other documents upon which the customer obtained his original credit, and will include a survey of all subsequent correspondence calculated to enlighten him on the character of the customer and the condition of his business.

The outgoing missionary of the credit department will carry with him abstracts from the information record, and will be prepared to make a documentary showing on all essential points of the account likely to be questioned. Arriving at his destination, he will undoubtedly find it advisable

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first to make a general survey of the town, to see if his customer is in the best location to command trade, to observe how he displays his goods, and to learn how he stands with the most substantial men in his community. If the credit department of the house is well conducted it will be in touch with a good lawyer in the town, and—what is, perhaps, still more important—will know the name of any local attorney who is regarded as tricky or unreliable, if the place is unfortunate enough to contain a lawyer of this description. Should he discover that such an attorney has been retained by the delinquent customer, or is generally employed by him, the young credit man is usually justified in concluding that his patron must be carefully watched. On the other hand, if he finds the customer has no lawyer and shows no inclination to retain one, this condition is decidedly in favor of the local merchant, and is generally accepted as an indication of his honesty and good intentions. Sometimes, and in fact frequently, it is wholly inadvisable for the representative of the credit department to inform the country merchant that the misgivings of the house have caused it to send its agent on a special trip to investigate the affairs of its debtor. At other times it is quite as necessary to let the customer know at once that the collector is in town

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expressly to adjust the account of the local merchant, and does not propose, for an instant, to leave until he has the money or satisfactory securities in settlement of the amount due.

As an illustration of the former class of situations with which the collector is frequently confronted I recall a case which came to me early in my experience. I was sent to a country town to investigate the condition of a merchant who had fallen into the habit of slow payments. From the start I proceeded cautiously. I found his standing in the community was excellent and his character good, although he was well advanced in life. He had an excellent stock of goods but owed for its full value, and had no outside property. The problem which then confronted me was so to handle this customer as to allow him to realize the full worth of his goods. To have alarmed him or any of his other creditors would have been bad judgment and brought about the failure of my plans, as I realized he must be let alone and permitted to work out his salvation and do it hopefully. Therefore I went home and began to draw on him, at frequent intervals, for very small amounts. These demands were always promptly met, and in the course of a short time his indebtedness was entirely cleared.

More than once I have been able to make a fast

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friend of a substantial country merchant who was honest, solvent and capable by lending him money to meet his obligations with other houses, and then helping him to reduce his stock and his indebtedness to us, thereby putting himself on a sound financial basis.

Not infrequently the credit man finds himself in charge of the entire affairs of his customer, acting to all practical purposes as a trustee for him. Once a customer who had been burned out, and owed three times the amount of his insurance, assigned all the latter to me with a request that I do the best I could for him in the adjustment of his affairs. The insurance was collected and his creditors accepted a percentage settlement. This was accomplished without attaching any odium to his standing, and leaving in his hands \$1,000 with which to make a fresh business start. He is now a prosperous merchant and one of the most loyal customers of the house to which he intrusted the management of his affairs at a time of misfortune. One year after the settlement had been made a neighboring merchant was also burned out and, on the advice of the man whom I had assisted, this second unfortunate came to me and asked for the same kind of aid. His request was complied with, and he now consults me with regard to almost every im-

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portant move which he contemplates. This instance is sufficient to show that the wise handling of a customer under misfortune is likely to make him a lifelong and devoted patron of the house.

Quite another set of faculties is called into operation when the credit man finds that he has to deal with a customer who is dishonest and intends to defraud the house. Instead of finding himself in the attitude of friend, counselor or trustee, he discovers that he is suddenly called upon to perform the functions of a detective. The phases of dishonesty and sharp practice with which he has to deal are varied and sometimes picturesque and sensational. Generally, the credit man is fairly well content to outwit the dishonest customer and guard the house against loss. The difficulty of obtaining a conviction for fraud practiced upon the wholesale merchant has been found so great that he has become wearied in the attempt to make the "way of the transgressor hard." How difficult it is to secure adequate punishment for obtaining goods under false pretenses, or for otherwise victimizing the wholesale house, is well illustrated by an experience which occurred in the seventies, when the bankruptcy act, repealed in 1878, was in force. Although there are many points of difference between that law and the one now in force, they

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are certainly similar in hedging the wholesaler about with a multitude of obstacles to the collection of his more desperate accounts.

A merchant in one of the larger provincial cities of Illinois went into bankruptcy owing us about \$6,000. He had failed two or three times before that and each repetition had appeared to add materially to his business resources. Believing that he was acting with dishonesty, detectives were employed with the result that the secret of his small assets and heavy liabilities was discovered. In warehouses and other buildings not used for store purposes were unearthed several thousand dollars' worth of goods which this rascally merchant had secreted before going into bankruptcy, knowing that after his assignment had been put through the United States Court, his affairs wound up by that authority, and all his obligations released, he could safely begin to realize upon his hidden store of goods.

The goods were seized by the United States marshal of that district and loaded upon trucks, a caravan of which were hauled through the streets of the town as an object-lesson to the public. Very naturally the merchants of that city were much impressed by this strange spectacle and were highly indignant at their dishonest associate, who had

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brought disgrace upon the trading fraternity of their city.

It would seem that conviction and punishment would be the quick and inevitable result from so glaring and well-proven a case of fraudulent concealment of assets. Experience, however, taught us differently. After a hard-fought trial, conviction was secured, but only to be followed immediately by the granting of a new trial. This was more bitterly contested than the first, and also resulted in conviction. Then the convicted man was taken desperately ill and an application was made to the court for a temporary suspension of the sentence. These circumstances naturally excited considerable sympathy for the unfortunate transgressor, and the local feeling against him was considerably softened as news from his bedside gave daily indication that he would soon be carried either to the grave or the penitentiary. After a few days of protracted suspense the announcement came that the man had tasted "the mercy of death." His funeral was held the second day following, and in the course of a few weeks his estate, which seemed suddenly to have swelled to considerable proportions, was settled and disbursed.

Not long afterward the "widow" went to Europe, where she is now enjoying the fruits of her hus-

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band's rascality *along with* him—for the convicted man is today in excellent health, or at least was so a short time since. His sickness, death and funeral were only the finest and finishing touches in the part which he played.

The type of man on whom the credit man is disposed to take the greatest chances is the young fellow who has entered the country store as a mere boy when just able to drive the delivery wagon and do the lighter tasks. He develops an aptitude for trade, becomes thoroughly and practically familiar with every detail of the business, and is finally promoted to the position of head clerk, in which capacity he is intrusted with the responsibility of buying from the traveling salesman and occasionally visiting the wholesale house in the city for the purchase of special and more expensive invoices. Finally he reaches the point where his employer declines to advance his salary to a higher figure and the young man experiences an increasing dissatisfaction with the pay he is receiving. Then comes the temptation to branch out into business for himself, and he at length determines to risk the money which has been carefully put away from his income.

This is the kind of tradesman who at once appeals

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to the confidence of the maker of credits, and for the best of reasons! More than once I have seen a young man of this kind start in with a capital of not more than \$1,500, and, buying from hand to mouth, change places, in the course of a very few years, with the older merchant having a capital of \$15,000 and the indifference and taciturn independence so frequently inspired by the possession of property. The young man was tactful, alert, energetic, and bent on pleasing every customer who could be drawn inside his store. The public, quick to appreciate this attitude, yielded to the common human instinct of a desire to "help the boy along." As a result, the inattentive and unyielding veteran in trade woke up to find that his agile and obliging young competitor had captured the patronage of the community and no longer needed to buy from hand to mouth, as he did when fresh from his clerkship.

The credit man was able to foresee this result as inevitable from the beginning and to govern himself accordingly, giving the limit of credit to the man who had youth, energy, tact and a future on his side—all because the young clerk offered the greatest incentive to this confidence by reason of the fact that he promised to remain for years a safe,

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growing and profitable customer, whereas the venerable competitor could only continue in business a few years at best, and that with a constantly contracting trade.

CHAPTER XI

REWARDS AND HUMORS OF THE CREDIT DESK

TO show for his year's work a very small percentage of loss on a large volume of business is, of course, the most substantial satisfaction that comes to the credit man. There is no escaping the argument presented by figures of this kind. They prove by incontrovertible evidence that the work of the credit man has been discharged with sound conservatism and also in the broad and progressive spirit of real commercial courage.

While it is true that a shrinkage in the total volume of business transacted might not in the least reflect upon the discernment of the credit man, it is equally certain that the manner in which the credits are handled is likely to affect the total of business done. If general conditions were favorable to a good trade and still the sales were not what they should have been, I should be inclined to ask if the credit man were not over-timid and conservative; and the smaller the percentage of loss shown the more would I be disposed to feel that at least

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a portion of the shrinkage might be due to a policy of contraction and fearfulness in making credits.

Extreme severity and ultra conservatism in the credit department are likely to drive away customers, and, for this reason, the work of a credit man is not to be judged wholly on the percentage of loss, but the volume of business transacted must also be taken into consideration. There is, however, no chance to challenge the ability of the credit man when both the percentage of loss and the volume of sales are satisfactory.

As to what constitutes a low percentage of loss there may be a considerable difference of opinion. If the house loses only one-fifth of one per cent of its entire business the credit man is no doubt to be congratulated, but if he has kept the losses down to one-tenth of one per cent and the total of sales has been of normal magnitude he is fairly entitled to feel that he has earned the thanks and substantial appreciation of his house. One per cent, or greater, of loss is decidedly bad, and there should be uneasiness in the credit department when, in ordinary times, this figure is reached.

There are, however, other satisfactions than those arising from the proofs that the business of the credit department has been conducted on a safe, conservative and progressive basis. Opportunities

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to give help of the most practical kind are constantly presented to the credit man. It is a universally recognized principle of ethics that he bestows the best charity who helps a man to help himself. But he must indeed be generously endowed with the spirit of helpfulness who carries this kind of work beyond the lines which his own interests would suggest, for he will often look for appreciation and fail to find it. On the other hand, he sometimes meets with the heartiest gratitude.

As a rule, the experiences of a credit desk are commonplace and humdrum, but occasionally a startling episode will break this monotony with a touch of the romantic, perhaps of the sensational. The most picturesque and exciting experience associated with thirty years' service at the credit desk hangs upon a faculty for retaining the memory of a face. Though the ability to remember and correctly associate faces is certainly capable of cultivation, it must be largely a natural gift. The exercise of this faculty has afforded me, from boyhood, an unfailing source of entertainment and has been a constant and valuable aid.

One of my earliest duties in connection with the credit department was to make regular weekly visits to the store of a certain Clark Street firm to collect a small sum. Sometimes the amount of my collec

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tion reached as high as one hundred dollars, but more frequently it was fifty dollars, or twenty-five dollars. The money was always handed me by the same man, a member of the firm, and consequently I became very familiar with his face. One day I was told that I need not make my customary trip as the house had gone to the wall, and its proprietors had left for parts unknown with all the ready cash they could raise.

About twelve years later a venerable countryman came to my desk, said that his name was Smith, and that he had a store in a Missouri town. The object of his call was to establish a line of credit and make a substantial addition to his stock of goods. He furnished references and went through the usual interview in the quiet but composed manner of a country merchant who has confidence in the outcome of his examination at the credit desk. After his references had been investigated he again made his appearance, and my second view of him confirmed the suspicion which had come to me. Looking him squarely in the face I said in quiet tones: "Your name is not Smith; it is Jacob Blank. You ran away from Clark Street twelve years ago." Instantly the face of the man turned ashen, his legs began to shake under him, and before any of us could reach him he fell to the floor in

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a state of absolute collapse. Although his indebtedness had been more than outlawed, the shock of being so suddenly confronted with his guilt and deception utterly unnerved him. The episode was stirring and dramatic, and made a strong impression upon all who witnessed it.

Although the credit man is naturally held to be worldly-wise and keen in the detection of fraud, his reputation does not protect him from numerous opportunities to demonstrate his ability in scenting a bold and cunning confidence game. It might be supposed that a sharper would be careful to avoid the very class of men whose daily work is to read character, to sift the truth from plausible but misleading statements and to detect commercial dishonesty of every sort; but the fraternity of confidence men is no respecter of persons, and, perhaps, the very fact that the credit man is held to be more difficult to deceive than the ordinary individual makes the attempt to catch him more alluring.

One of the boldest and cleverest experiments in this line that has come under my personal observation was as follows: A plain, substantial-appearing man, quite the type of the stalwart, pushing merchant of the far West, came to the desk and stated that he was buying a stock of goods for a store which he was about to open in Albuquerque, New

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Mexico. He was going to pay cash, so he informed us, for all he bought, but wished to establish a line of credit for the future. Shortly after he had begun buying he had us cash a draft for fifty dollars, drawn by a bank in Atchison, Kansas, on a New York bank. The paper was immediately banked and went through all right. When his buying was finished his bill amounted to \$3,000 and he presented a draft identical with that which had been cashed for him several days previous, with the exception that it was drawn for \$13,000. While he was waiting at my desk for the money the cashier telegraphed the New York bank on which the exchange was drawn, to know if it were good. Immediately the answer came back that it was not.

When the customer was informed of the message he appeared just about as badly shaken up as a country merchant would have been under the circumstances. Without a moment's hesitation he asked for pen and paper and wrote a letter to the Atchison bank, demanding an immediate explanation. This epistle he showed to me, inclosed the draft, sealed the envelope, and then handed it to me with the request that I have it go out with my mail. He was in no hurry to get away, but hung about the desk eager to go over the whole affair with endless variations of detail. This was the cleverest

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feature of the part he was playing, for the honest country merchant, in a similar predicament, would have done precisely this, discussing every possible phase and detail, and treading a hopeless circle of repetitions and speculations. He hung about until the lunch hour, and I was glad to see him go, but certain that he would return to give me the results of his latest cogitations on the subject of the repudiated draft. But after lunch he came not! Instead, he was making the best possible time in quite another direction. Of course, the mistake of the house was in not telegraphing to the bank in Atchison asking if it had sold the exchange offered. A reply in the negative would at once have established the fraudulency of the paper and we should have caused the arrest of the sharper. The fact that we had already found one draft offered by this man, and drawn between the same banks, to be perfectly good was well calculated to allay suspicion, and every phase of the role which the forger played was so cleverly sustained that the deception was complete. His ingenuous coup of sending the check to the Atchison bank and thereby gaining time enough in which to escape being arrested or "spotted" by detectives was a fine and masterful stroke.

Later, every detail by which he had led up to

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the finale was brought to light. His plan of campaign was this: He had bought the fifty-dollar draft from the Atchison bank and found the name of a Chicago lithographer imprinted in small type in the corner. This furnished him his basis upon which to work. Arriving in this city, he went at once to that lithographer's, introduced himself as one of the officials of the Atchison bank, and gave order for the printing of a new book of drafts absolutely identical in tint with the one which he displayed. Also, he ordered a stamp similar to the one which had been used on his draft, and a variety of bank stationery. He instructed the lithographing house to send the book of drafts and the stamp to his hotel, but to forward the other stationery, by freight, to the bank. After he had taken out as many blanks as he needed to perfect his forged draft for \$13,000 he sent the book and stamp back to the lithographers with the statement that he had changed his mind and decided to have those articles shipped with the stationery, and that he had torn from the book as many blanks as he would need until his return home. Nothing could have been more complete or artistic than the foundation which he laid for the final stroke. Fortunately, however, in the critical part of his campaign he failed—but managed to slip through the fingers of the law.

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Of course the goods which he had bought of us had not been shipped to him, and we really lost nothing by the transaction save the time of the salesman. And the experience was certainly an entertaining one.

This anecdote should not, however, be taken to indicate that the credit man finds most of his days enlivened by picturesque incidents, and he may be well content to have affairs proceed with monotonous steadiness, for that implies that his duties are discharged with uniform success.

One of the most interesting examples of how a young credit man may, by the exercise of patience, persistence, courage and resourcefulness, save the house from being robbed of hundreds of dollars, and win the approval of his employers, was an experience which came to a young man in the employ of my house. As this also shows one of the cleverest schemes by which the wholesaler is defrauded, the incident will serve a useful purpose.

Failing to hear anything from a customer in Decatur, Illinois, who had established a fair credit and bought a large amount of merchandise, we immediately started out one of the young men in our credit department. This assignment seemed to please him, and he took hold of the work with a keenness and enthusiasm which indicated that he

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would ferret the matter out if it could possibly be unearthed. At the very start he made the interesting discovery that a man purporting to come from our house had rushed into the freight house, before the goods had been actually shipped, and informed the freight agent that they should be sent to Waterloo, Iowa, instead of to Decatur. This gave the young man his clew, and he armed himself with letters to the freight officials and station agents of the various railroads to which the trail was likely to lead.

At Waterloo, Iowa, he found that the goods had been diverted to Sioux City. There, for the time being, he apparently "lost the scent" as the trail seemed to vanish into thin air. A less determined and resourceful young man would, perhaps, have abandoned the chase at this point, but the mysterious disappearance of the goods only incited the man who was following them to greater efforts. With true detective instinct he at once began to make inquiry among the draymen, and found that certain of them had hauled goods answering the description of our boxes across the entire city, and that the invoice had been split into two separate shipments and forwarded by different roads to separate destinations. From town to town he followed the two trails until they met in Omaha. At

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this point he was again well-nigh thrown off the scent, but his perseverance and keenness were eventually rewarded by hitting upon a clew which enabled him to trace the goods to a warehouse, where they had been hidden away in evident security.

It scarcely need be said that the young man who did this work thoroughly established himself in the good graces of the house and was marked for advancement and large responsibilities. Opportunities of this kind are constantly occurring in the credit department of every large wholesale house, and the young man who has the energy, courage and resourcefulness to "wrest victory from the jaws of defeat" will certainly be pushed to the front.

Occasionally, however, the credit man meets with an instance of such transparent honesty that he is the one to be overwhelmed. Such an occurrence came to one of our city credit men who had a favorite customer named O'Brien. The latter was a man of sterling worth and admirable force of character. He had been born in the atmosphere of a saloon and his earliest business training was in a disreputable place of this kind. Finally, when O'Brien married and became the father of several keen and attractive children, his eyes were opened and he determined to leave his old life behind him

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and bring up his children among associations of a far different character from those with which his childhood and youth had been surrounded.

In pursuit of this manly and progressive policy he went into the general merchandise business in the vicinity of "The Dump" and became one of the most respected and substantial men in his community. And he was more jealous, perhaps, of his standing in the esteem of his neighbors than if he had always enjoyed their fullest confidence. All his perplexities and troubles were shared with the credit man to whom I have referred and every important move had to be submitted to the dictum of his adviser.

After many years of prosperity and influence O'Brien came to the credit desk in a state of excitement which rendered him almost incoherent. He declared that he was immediately going to the store of a competitor to give that individual a beating that would send him to the hospital for the season. "He's been telling my neighbors that I've been a liar, a thafe an' a scoundrel," said O'Brien, "and it'll be gettin' to the ears of the childers soon, I'm thinkin', unless I stop his mouth with my fist." The credit man, in the attempt to calm and assure him, said:

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"But why pay any attention to his slanders?—he can't prove them."

"Ah! that's just th' trouble! He can do all that! Didn't he know me in the days when I had as bad a place as could be found in the neighborhood of the Yards?"

It was useless to argue against such candor, but he was at last persuaded to go back to his store and leave his reputation in the hands of his neighbors, who knew the rectitude and honor of his daily life. The pacific plea of the credit man unquestionably saved the competitor a terrible beating and O'Brien a public scandal. But the ingenuousness of his confession has passed into the traditions of the credit department.

Occasionally the credit man finds it expedient to take a position which would seem, in the eyes of the outsider, to be little short of absurd. Not infrequently, too, this attitude is a result of the peculiarities of the situation developed by the bankruptcy law. Here is a case in point:

A customer made an assignment and then brought forward a proposition to compromise on the basis of twenty cents on the dollar. When he had explained his situation and stated that all his other principal creditors had agreed to that adjudication, he was astounded to receive the reply: "When you

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get ready to pay us one hundred cents on the dollar, come in and settle your account; we do not care to compromise it and prefer to wait until you can pay in full." In view of the fact that we had small confidence in the honesty of the man, this position might appear to have been a very strange one. The result, however, was very satisfactory. In order to secure a discharge of his entire indebtedness and start into business again with a clean slate, he came and paid every dollar of his account.

In determining whether to help a customer over a crisis in his affairs and attempt to establish him on a sounder footing many things must be taken into consideration, the principal ones being his worthiness and his business ability and prospects. Credit means confidence in both moral and material worth, and the customer who is worth nursing must show soundness in both these particulars. He may be radically honest and at the same time lack the elements of success which warrant the house in an attempt to help him over a hard place. It must be remembered that failure does not necessarily imply an inability to pay one's debts. In the commercial sense it often means simply a failure to succeed, to score financial advancement, to make headway in the gain of trade. Men who barely manage to exist and to keep their affairs in a state of solvency,

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while every year diminishes the prospects before them, can hardly be classed as other than failures, and these are not the tradesmen to whom the credit man is justified in extending the largest possible assistance. Generally speaking, the men of this class are well advanced in years and entered mercantile life after their youth had been spent in some other pursuit.

CHAPTER XII

THE STOREKEEPER'S CREDITS AND COLLECTIONS

THE opening of a new store in a community is always the signal for a transference of trade which is most deceptive to the proprietor of the new establishment, and if he is not a man of rare shrewdness and has not a natural faculty for credits he will be sure to make the remark:

"My trade is good—way beyond my expectations!"

Judging from surface indications, this observation is warranted. But why? Because the new store always gets the customers who have accumulated debts or grievances of some kind with the merchants who are already established, and who have sifted out their customers. Instead of considering this sudden influx of trade as an omen of prosperity it should be regarded in exactly the opposite manner, and so treated. Rightly considered, it is a red lantern sign of "Danger Ahead." These rejections from the other and established merchants are generally shrewd enough to pay cash for

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the first or second and perhaps the third month, and then they begin to ask for credit. Generally this is done very adroitly, and the request at the start will be to allow the amount to run "until Saturday night," or until "the first of the month." When this time comes the game of partial payment will be begun. Generally this is done on the basis of special pleas, alleging sickness or some phase or other of "bad luck."

But one thing may be depended upon: This class of customers will play the game in a progressive ratio and see that the balance against them is increased week after week and month after month. What is the result?

When the storekeeper finally wakes up to the situation, he will find that the customer has him to a disadvantage. "If I press him too hard," reasons the storekeeper, "I am likely to lose the whole account, and therefore I must deal gently with him."

There are few things more difficult in merchandising than to get a "slow pay" customer to reduce a large balance by gradual payment. In fact, the storekeeper who is shrewd enough to accomplish this is too keen to get into such a situation with many of his customers. The merchant who gets a line of these undesirable customers is under the necessity of keeping them carefully in his

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mind, and this, as a rule, means that he must "carry in his head" the balances against them—or practically so. Not only this, but he must have his clerks do likewise. This is not so easy a matter as it might seem, and in most cases the storekeeper finds himself constantly allowing a "slow customer" to increase, rather than forcing him to diminish, his balance.

Inevitably the result of doing this kind of a business is that the merchant is finally forced to ask his jobber to carry him. When he reaches this stage his first inclination, generally speaking, is to think that by spreading out and dealing with other jobbers, as a temporary measure, he can cover his situation in the eyes of the jobber with whom he has previously placed the burden of his trade.

Instead of concealing his predicament, this expedient is a sure way of giving notice to the credit man of his old jobbing house that he is in hard straits, for no modern credit man fails to understand the significance of this process of "spreading out" when the merchant in question is a little slow in his payments.

The only safe course for the storekeeper who finds himself in these straits is to go to his jobber and give him full information, and to keep his indebtedness bunched together instead of scattered

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about. If the man is worth saving, the jobber principally interested will give him the support of extended credit and will also aid him by sound advice and practical suggestions suited to his individual needs.

When the unfortunate and deluded storekeeper follows an opposite course and attempts to cover his embarrassment by spreading out to new jobbers the result will be that the old jobber, or perhaps some of the ones to whom he has shifted, will realize that "the race is to the swift," and that the first man to close in on the unstable customer will be likely to get the most out of him.

I know one decidedly successful merchant who determined to make his credits according to a fixed principle, and that he would not vary his system under any conditions. Nominally, he was supposed to do a cash business, but at last felt that he must extend credit to a portion of his customers. He did it in this way: He would not even discuss the opening of an account with a customer about whom he felt any doubt whatever; then, when the man came in to arrange for an account, the merchant asked him: "How much of a line of credit do you wish me to give you?"

"Well, \$50," responded the customer.

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"And how about the question of time?" inquired the storekeeper.

"Make it sixty days," replied the customer.

"Very well," answered the storekeeper, "I will give you just what you ask for in the matter of credit, and will make the memorandum right here on the ledger page which will carry your account. But let us understand one thing clearly, right from the start. You are not to ask me for five cents more than the amount of credit I have given you, nor are you to ask me for an extension of time. Certainly you can't complain at my making this rule rigid, when I have given you at the beginning all that you have asked for. You have set your own stakes, and cannot reasonably resent it, if you are asked to abide by them."

This system of credit worked admirably in the case of the storekeeper to whom I referred, for the reason that he held every customer rigidly to the limitations fixed at the outset.

These views are offered simply as the conclusions of one credit man based upon his personal experience, and if their expression seems didactic it is his misfortune, for they are not so intended. Let them be accepted, therefore, as the personal opinions of one who does not assume to speak with authority,